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THE STATE OF MONTANA

# Governor's Executive Budget

FISCAL YEARS 1988-1989

A handwritten signature in cursive script, reading "Ted Schwinden".

TED SCHWINDEN, GOVERNOR

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TED SCHWINDEN  
GOVERNOR

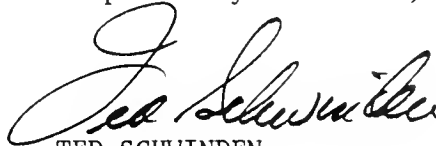
December 1, 1986

MEMBERS OF THE FIFTIETH LEGISLATIVE ASSEMBLY:

In accordance with Article VI, Section 9, of the Constitution of Montana, I am pleased to transmit to you the 1988-89 biennial Executive Budget recommendations.

You can expect full cooperation from this office and the executive branch agencies during your deliberations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ted Schwinden", written in a cursive style.

TED SCHWINDEN  
Governor





OFFICE OF BUDGET AND PROGRAM PLANNING  
STAFF

DAVID HUNTER, BUDGET DIRECTOR

DOUG BOOKER,  
LEAD BUDGET ANALYST  
SIB CLACK

6107 Long Range Building  
5102 Commissioner of Higher Education  
5103 University of Montana  
5104 Montana State University  
5105 Montana College of Mineral Science  
5106 Eastern Montana College  
5107 Northern Montana College  
5108 Western Montana College  
5109 Agricultural Experiment Station  
5110 Cooperative Extension Service  
5111 Forestry & Conservation Experiment Station  
5118 Board of Regents Higher Education  
6501 Commerce

GEORGE HARRIS

5114 Montana Arts Council  
5115 Montana State Library  
5117 Montana Historical Society  
6401 Institutions  
6402 Montana Developmental Center  
6404 Center For The Aged  
6405 Eastmont Human Services Center  
6407 Mountain View School  
6408 Pine Hills School  
6409 Montana State Prison  
6410 Swan River Youth Forest Camp  
6411 Montana Veterans' Home  
6412 Montana State Hospital  
6413 Board of Pardons  
6414 Montana Youth Treatment Center

MARY LaFOND

6602 Employment Security  
6603 Workers' Compensation

NORM ROSTOCKI

3501 Superintendent of Public Instruction  
3511 Billings Vo-Tech  
3512 Butte Vo-Tech  
3513 Great Falls Vo-Tech  
3514 Helena Vo-Tech  
3515 Missoula Vo-Tech  
5101 Board of Public Education  
5113 School for Deaf and Blind  
5116 Montana Advisory Council for Vo-Ed  
5119 Fire Services  
5401 Highways  
5801 Revenue

FLORINE SMITH

1101 Legislative Auditor  
1102 Legislative Fiscal Analyst  
1104 Legislative Council  
1109 Senate Legislative Assembly  
1110 House Legislative Assembly  
1111 Environmental Quality Council  
1112 Consumer Counsel  
2110 Judiciary  
3101 Governor's Office  
3201 Secretary of State  
3202 Commissioner of Political Practices  
3401 State Auditor  
4107 Board of Crime Control  
4108 Highway Traffic Safety  
4110 Justice  
6101 Administration  
6104 Public Employees' Retirement  
6105 Teachers' Retirement  
6701 Military Affairs  
8989 Centennial Office

LOIS STEINBECK	5301	Health and Environmental Sciences
	6901	Social and Rehabilitation Services
	6911	Family Services
KAREN VOLLSTEDT	4201	Public Service Regulation
	5201	Fish, Wildlife & Parks
	5501	State Lands
	5603	Livestock
	5706	Natural Resources and Conservation
	6201	Agriculture

TERRY JOHNSON - BUREAU CHIEF - DATA PROCESSING SYSTEMS & STATISTICS

MARY McCULLOUGH  
 MARIANNE KNOY  
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MARY LaFOND  
 TRUDY HAWES  
 MIKE WALSH

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## BUDGET HIGHLIGHTS

- \* The budget is balanced without a tax increase. The budget recommends that some of the revenue flowing into "savings" — the coal tax and education trust funds — be temporarily diverted to the general fund and the foundation program to balance the budget. The 12.5% of coal tax dedicated to in-state investment will continue to flow into the coal tax trust to be invested in basic, job-creating Montana industries. The increased revenues that the state receives as a result of federal tax reform are included in balancing the budget.
- \* A cash reserve of 5% of annual expenditures is proposed. Bond rating agencies and financial experts recommend at least that amount of cash reserve to allow for economic uncertainty and to preserve the state's bond rating.
- \* Budgets have been cut. State expenditures for executive branch agencies decline from FY86 to FY88 and decline again in FY89.
- \* The number of state employees is cut from 14,654 to 13,704. This represents the lowest number of state employees since 1975.
- \* State employees' wages, social service benefit levels, rates for service providers and schedules for the school foundation program are all maintained at the current level. Under current law, just maintaining the current level of funding for the foundation program requires \$96 million general fund expenditures in addition to the revenue already earmarked to that program. This expenditure is three times the \$32 million in general fund commitment over the last biennium.
- \* A major tax reform is proposed to promote economic development and make Montana's tax structure simpler and fairer. This tax reform proposal does not increase total tax collections.
- \* Economic development and "people" programs are high priorities in this budget.
  - Funding is included in the Department of Commerce budget to substantially increase our international trade efforts in the Pacific Rim countries, to expand Science and Technology Alliance research and venture capital programs, to create small business centers in cooperation with the university system to provide technical assistance to businesses throughout the state, and to more than triple the state's tourism promotion efforts.
  - To encourage research and economic development, the university system is allowed to retain the total amount of indirect cost recoveries it receives from research grants. Currently, the state keeps 85% of these payments.
  - A new Department of Family Services is proposed to coordinate and improve the delivery of services to Montana families and youth.
  - The first specialized services and support organization for developmentally disabled persons living in communities is recommended in FY89.
  - An increase of \$29 million is included in the Department of Social and Rehabilitation Services to provide benefits to the growing number of people needing Aid to Families with Dependent Children, Medicaid and general assistance benefits.
  - The budget includes expenditure increases for state institutions, reflecting the increased number of those served.
- \* A "Superfund Trust" is proposed to fund the state's share of the federal superfund program, designed to clean up environmental problems throughout the state.
- \* Major reforms in the Workers' Compensation program are proposed to control costs for Montana businesses and for state government.

## MAJOR INITIATIVES

### A. Reduce Savings While Continuing Investment For the Future

Montanans had the foresight over the last decade to put substantial amounts of the coal severance tax collections into trust fund "savings" each year. In FY86, over 60% of the collections were placed in trust funds, which now total nearly \$400 million. The interest from these trusts is used to help operate state government, fund schools, purchase and maintain state parks and fund cultural projects.

In the current tight revenue situation, we must reduce our level of savings and temporarily divert incoming revenue to fund current costs in the school foundation program and general fund, allowing the budget to be balanced without a tax increase.

We propose to extend the legislation passed in the June Special Session to divert the incoming revenue allocated to the education trust and a substantial portion of the revenue allocated to the Coal Board to the foundation program for FY88 and FY89. In addition, we propose to divert 75% of the revenue flowing into the coal tax trust to the general fund for FY87, FY88 and FY89. Finally, we propose to divert 100% of the interest from the coal tax trust fund to the general fund for the same period. Since 1984, 85% of the interest has gone into the general fund, with 15% remaining in the trust fund. Our proposal represents a temporary return to the legislature's initial policy governing the trust, which allocated all interest to the general fund from 1976 to 1983. Together, these actions will provide about \$75 million to the general fund and foundation program during the coming biennium.

It is important even in tight budget times, to invest in Montana and the future. For that reason, we will continue to put 25% of the revenue flowing into the coal trust — almost \$10 million per year — into the in-state investment portion of the coal tax trust. This will allow the Montana Economic Development Board to continue investing in the basic industries that create jobs for Montanans.

This proposal temporarily diverts incoming revenue to the trusts. It does not spend the corpus of the trusts or propose a permanent capping. Spending the corpus of the trusts is poor public policy — it deprives future generations of the benefits gained when a nonrenewable resource is consumed.

Permanently capping the trusts is not necessary. Prospects for an improving economy and growing tax collections by next biennium are good. Reducing agency budgets below the FY86 level and keeping them there through FY89 will help bring ongoing expenditures in line with revenues.

### B. University System Funding — Economic Development and Increased Flexibility.

For the past decade, approximately one-quarter of the state's general fund has been appropriated for university system programs. That commitment continues in FY88-89. We recommend that 24% of the general fund — \$85 million — be devoted to higher education. That revenue combined with the system's other revenue will allow a total annual expenditure of \$132 million.

Since quality higher education is a key to economic development, this budget proposes several initiatives to give the university system more budget flexibility, increase its effi-

ciency and strengthen its links with the state's business community:

- To encourage aggressive research programs, the budget recommends that university units be allowed to retain all the revenue from research grants they receive for reinvestment in the units' research programs.
- The budget includes \$221,000 per year to create Business Assistance Centers. In cooperation with the Small Business Administration and the Department of Commerce, the university system will provide technical assistance to Montana businesses and entrepreneurs.
- The budget includes \$150,000 to fund a "Governor's Council on Management" study of the university system. In 1982, Montana business executives did a similar study of Montana's executive branch agencies and recommended cost-cutting measures that have saved over \$20 million a year.
- To encourage the Board of Regents in its efforts to reduce expenditures while strengthening the quality of the system, this budget proposes to continue funding in FY88-89 based on fall 1986 enrollments, despite the prospect of a continuing decline in enrollments. The Governor's budget further recommends that the units be allowed to keep savings generated from cost-saving measures under consideration by the Board of Regents.
- We support a joint study of the funding formula by the university system and executive and legislative branches to develop a simpler, fairer method for presentation to the 1989 Legislature.

### C. Expansion of Economic Development Programs

Additional investment in programs that have successfully demonstrated their value can speed Montana's economic recovery when other areas of the economy are still lagging due to national and international forces.

- Montana's tourism industry has grown steadily, despite decline in our other basic industries. To ensure continued and expanded growth in this important industry, the Governor's budget endorses the 4% accommodations tax recommended by the Tourism Advisory Council. This will allow the state to more than triple its promotional efforts.
- Past efforts to establish a business relationship with the nations of the Pacific Rim have revealed that the key to doing business in the Pacific Basin lies in the state's ability to forge time-tested, business relationships that demonstrate that Montana is a serious trading partner. Montana is not doing enough to cultivate this strong market for our products and our tourism industry. To date, 29 states, including Washington and Oregon, have established offices in Tokyo. By comparison, Montana has conducted two trade missions and participated in a handful of trade shows. By establishing a permanent presence in the Pacific Basin, Montana can build a stronger identity for our producers and

manufacturers and our travel industry. This budget proposes to establish a partnership between the Department of Commerce and the private sector to fund a two-year, \$268,000 program to explore the opportunities and options available to Montana in the Pacific Basin.

- The Science and Technology Alliance has successfully supported research and start-up businesses. That effort should be continued and expanded. The budget proposes increasing the funding from \$2 million to \$2.75 million. Bonding authority for the board is also proposed to help start-up businesses take the next step in becoming important Montana employers.

#### D. Establishment of a new Department of Family Services

Based on the recommendations of the Governor's Council on Reorganization of Youth Services, this budget proposes creation of a new Department of Family Services. The proposed department will consolidate children and youth services that are now fragmented across several state agencies and the district courts. The current system produces confusion by involving a variety of agencies with a wide range of related responsibilities. Reorganization of these services will enable the state to use available manpower and resources in a more efficient manner so that available dollars better serve troubled children and youth. In addition, it will place the responsibility and the fiscal accountability for providing services for children and youth in the same agency. The new department will emphasize community involvement in the development and delivery of services through local planning groups appointed by county commissioners, district judges and the new department.

The department will also include adult protective and aging services, the domestic abuse program and developmental disabilities case management. Because it combines existing programs into one agency, this proposal requires no additional funding, over the existing organization of services.

#### E. Tax Reform

This proposal overhauls Montana's major tax sources to promote economic development and make them simpler and fairer. The tax reform proposal does not increase tax collections.

- \* The individual income tax base is broadened and the tax rates lowered. The top rate will decrease by more than 25% — from 11% to 8%.
  - Personal exemptions and standard deductions are increased so that lower and middle income taxpayers pay substantially less tax.
  - The tax is simplified by using federal taxable income as the base and by decreasing the number of tax brackets from 10 to 3.
  - A minimum tax is established and compliance efforts increased to ensure that all taxpayers pay their fair share.
- \* Two property tax relief programs are expanded to ensure that property taxes on Montanans' homes do not consume a disproportionate percentage of family income.

- The tax credit for residential property taxes is expanded to include all homeowners, based on income.

- The value of homes eligible for reduced property tax rates is increased to reflect today's market values.

- \* The corporation license tax base is broadened and the tax rate cut by more than 10% — from 6.75% to 6%.

- The "red flag" of the "unitary tax" — considered by many to be a barrier to investment in Montana by multinational and international firms — is eliminated. Those firms can choose between two methods of calculating their taxes and earn lower taxes by investing in Montana.

- The minimum tax is increased to ensure that all businesses pay their fair share.

- \* Montana's taxes on minerals are restructured to keep these important industries productive.

- To ensure that marginal oil wells are not permanently put out of production by low oil prices, the severance tax is cut from 5% to 3% on stripper wells (those producing less than 10 barrels a day) when oil prices are below \$20/bbl.

- To increase production in Montana's older oil fields, the severance tax on oil produced from tertiary injection projects is reduced to 4%, as long as oil prices remain below \$40/bbl. This proposal simplifies the tertiary tax reduction enacted by the 1985 Legislature.

- The "window of opportunity" coal tax credit is continued for increased production under new or renewed contracts. In addition, the tax rate on existing coal production is phased down to 25% in FY89 and 20% in FY91.

- \* Several "nuisance" taxes, such as the store license tax, which generate little revenue and are costly to administer, are eliminated.

#### F. Controlling Workers' Compensation Costs

As a major employer, state government feels the pain of increasing workers' compensation premiums just as Montana's private businesses do. In recent years, the number of workers injured has remained constant, but increased litigation and a myriad of court cases have dramatically expanded the scope — and the cost — of the program.

To pay current benefits and combat a growing unfunded liability, workers' compensation rates were increased an average of 15% in July 1986, and will be increased again on January 1, 1987, by the amount necessary to raise \$5.2 million in the next six months. State agencies will pay \$500,000 of that amount.

The only way to control workers' compensation costs and employers premiums is to dramatically reform the system.

The Department of Labor and Industry has proposed a major legislative package for consideration by the 1987 Legislature.

The proposal will help restore the financial stability of the workers' compensation system and shift control of the system from the courts back to the legislature and executive branches.

## GENERAL FUND SUMMARY (MILLIONS)

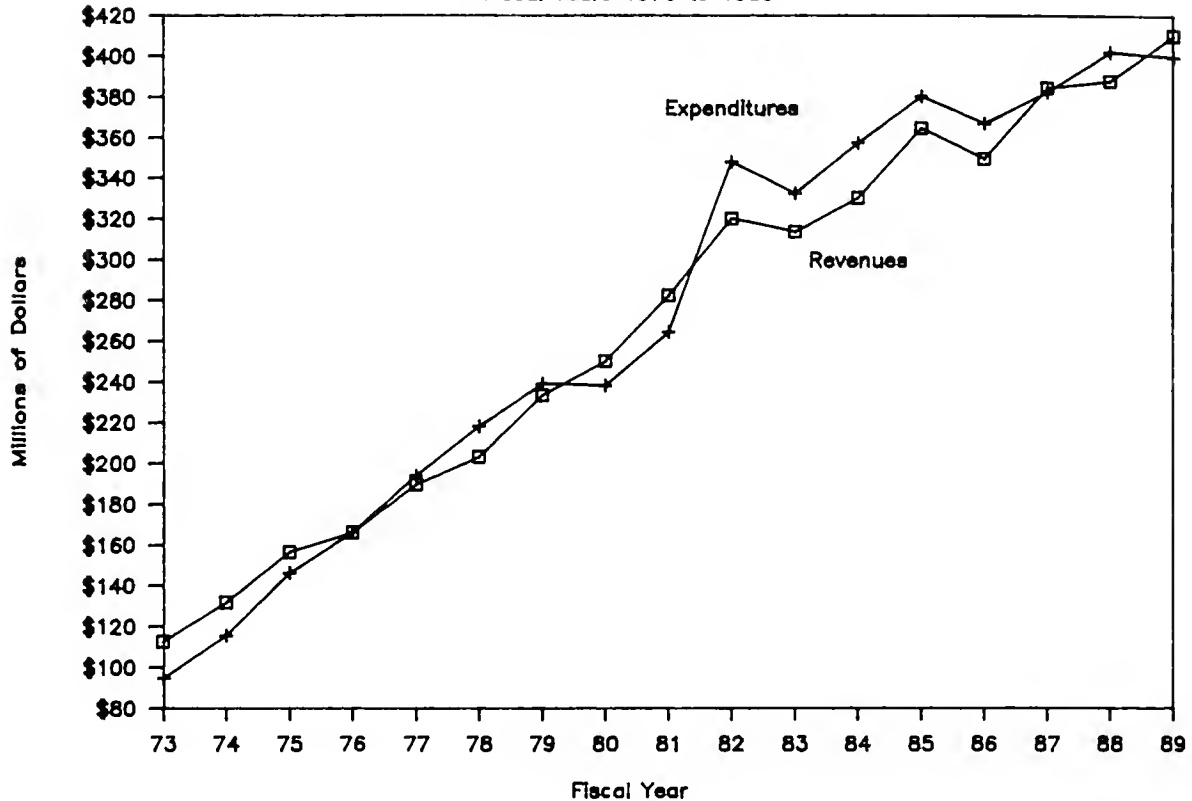
	FY 86	FY 87	FY 88	FY 89
Beginning Fund Balance	\$ 27.545	\$ 16.002	\$ 26.974	\$ 12.966
Receipts				
Estimated Revenue	\$349.541	\$384.490	\$387.962	\$410.087
Federal Tax Reform		(4.923)	(24.570)	(41.436)
Total Receipts	\$349.541	\$384.490	\$387.962	\$410.087
Total Available	\$377.086	\$400.492	\$414.936	\$423.053
Disbursements				
Budgeted Disbursements	\$362.161	\$326.416	\$348.645	\$348.416
Foundation Program	4.654	27.430	42.475	34.626
Legislative Feed Bill		4.400		4.400
Continuing Approp.		4.315		
Modifications - SRS			0.491	1.185
Modifications - Other			3.186	3.416
Modifications - Pool			0.100	
Supplemental Requests		12.779		
Disaster		0.380		
TRANS Interest		4.261	2.739	3.045
Debt Service		10.812	11.036	11.083
Appropriation Cuts		-4.870		
Reversions		-4.000	-6.500	-6.500
Workers Compensation		0.355	0.941	1.117
PERS			-1.143	-1.166
Total Disbursements	\$366.815	\$382.278	\$401.970	\$399.622
Adjustments (Prior Year)	5.731	2.153		
Residual Equity Transfer		6.607		
Ending Fund Balance	\$ 16.002	\$ 26.974	\$ 12.966	\$ 23.431
Surplus as % of Disbursements	4.36%	7.06%	3.23%	5.86%

NOTE: Federal Tax reform receipts are shown for reference purposes. The increased revenue is included in the estimated revenue.



## General Fund Expend. & Revenue Growth

Fiscal Years 1973 to 1989

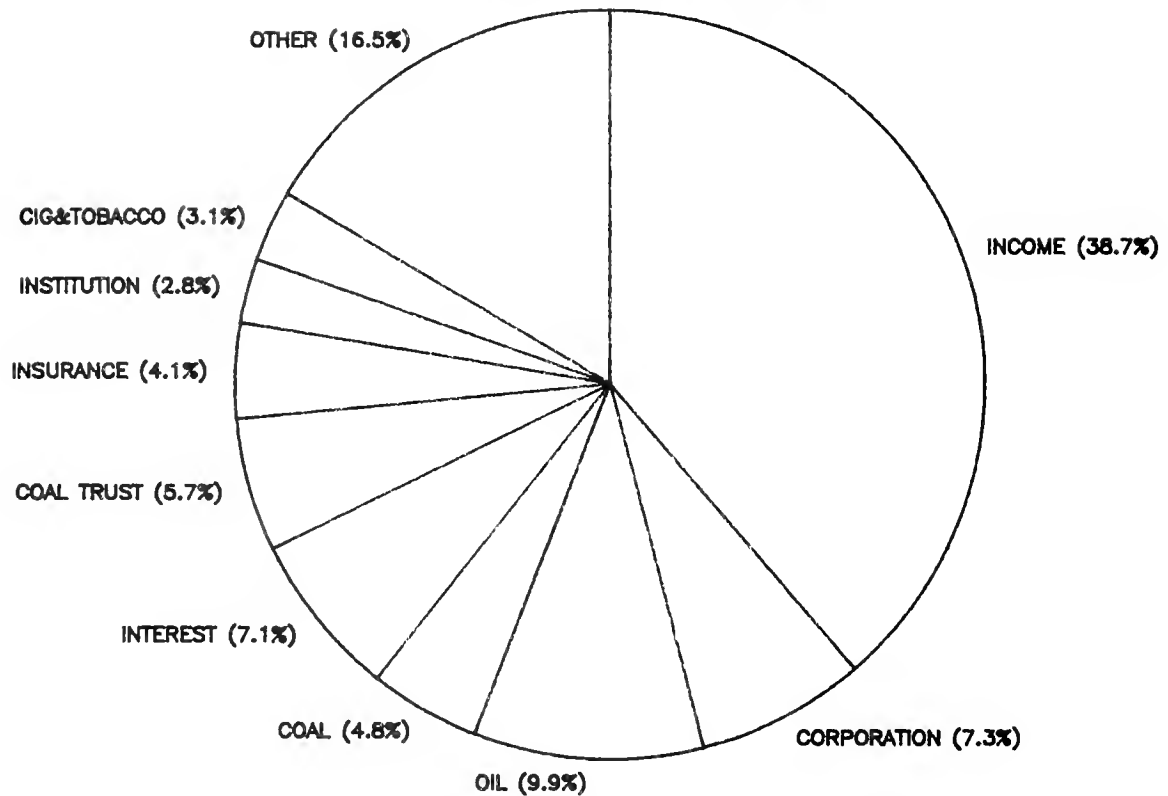


Fiscal Year	General Fund Revenue	General Fund Expenditures	Ending Fund Balance
1973	\$112,591,298	\$94,739,472	\$24,159,177
1974	\$131,756,688	\$115,543,830	\$40,820,358
1975	\$156,641,727	\$146,247,584	\$51,196,108
1976	\$166,345,790	\$166,340,893	\$50,454,406
1977	\$189,879,343	\$194,300,258	\$48,528,885
1978	\$203,244,550	\$218,093,767	\$33,621,817
1979	\$233,360,791	\$239,029,560	\$28,609,926
1980	\$250,183,133	\$238,167,938	\$42,218,231
1981	\$282,526,748	\$264,551,569	\$61,315,056
1982	\$320,143,925	\$347,901,270	\$34,386,832
1983	\$313,575,015	\$332,610,274	\$57,140,875
1984	\$330,305,497	\$357,387,046	\$35,097,000
1985	\$364,521,831	\$380,358,776	\$27,545,000
1986	\$349,541,480	\$366,815,431	\$16,002,000
*1987	\$384,490,000	\$382,278,000	\$26,974,000
*1988	\$387,962,000	\$401,970,000	\$12,966,000
*1989	\$410,087,000	\$399,622,000	\$23,431,000

\* FY 1987, FY 1988 & FY 1989 - Proposed

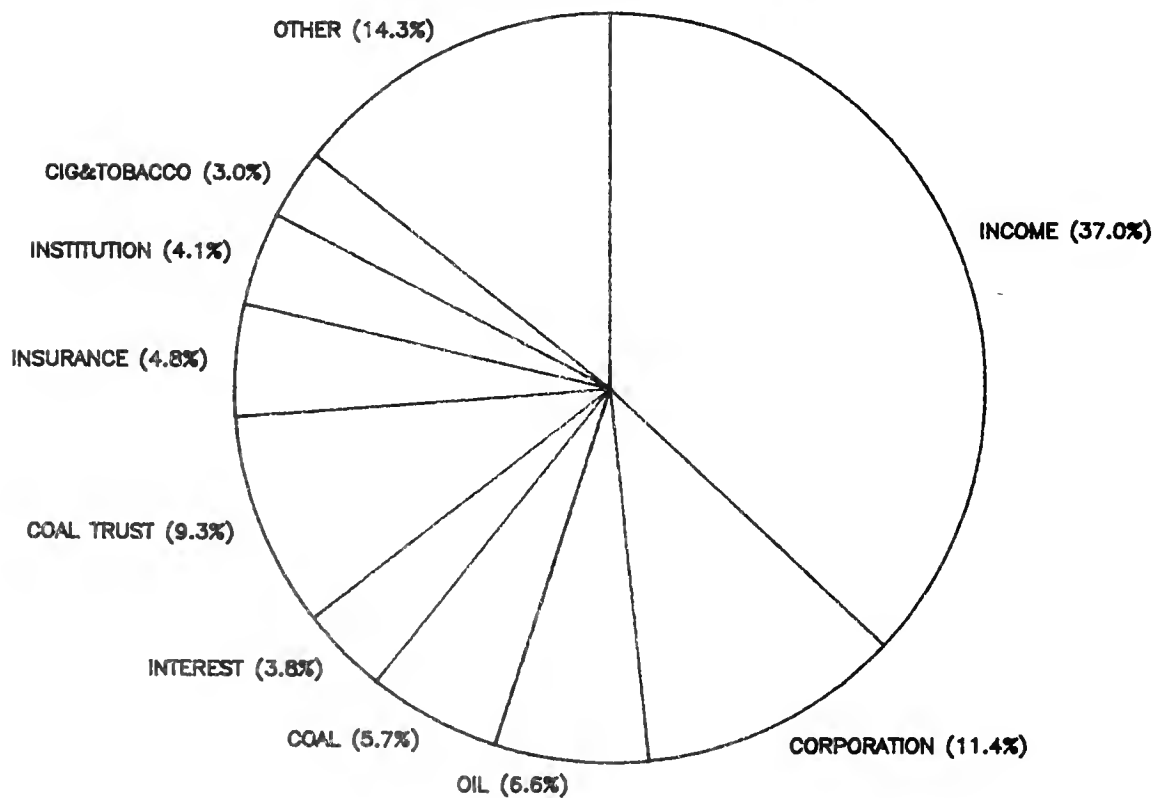
## GENERAL FUND REVENUE ANALYSIS

CONTRIBUTION BY SOURCE - FY 84



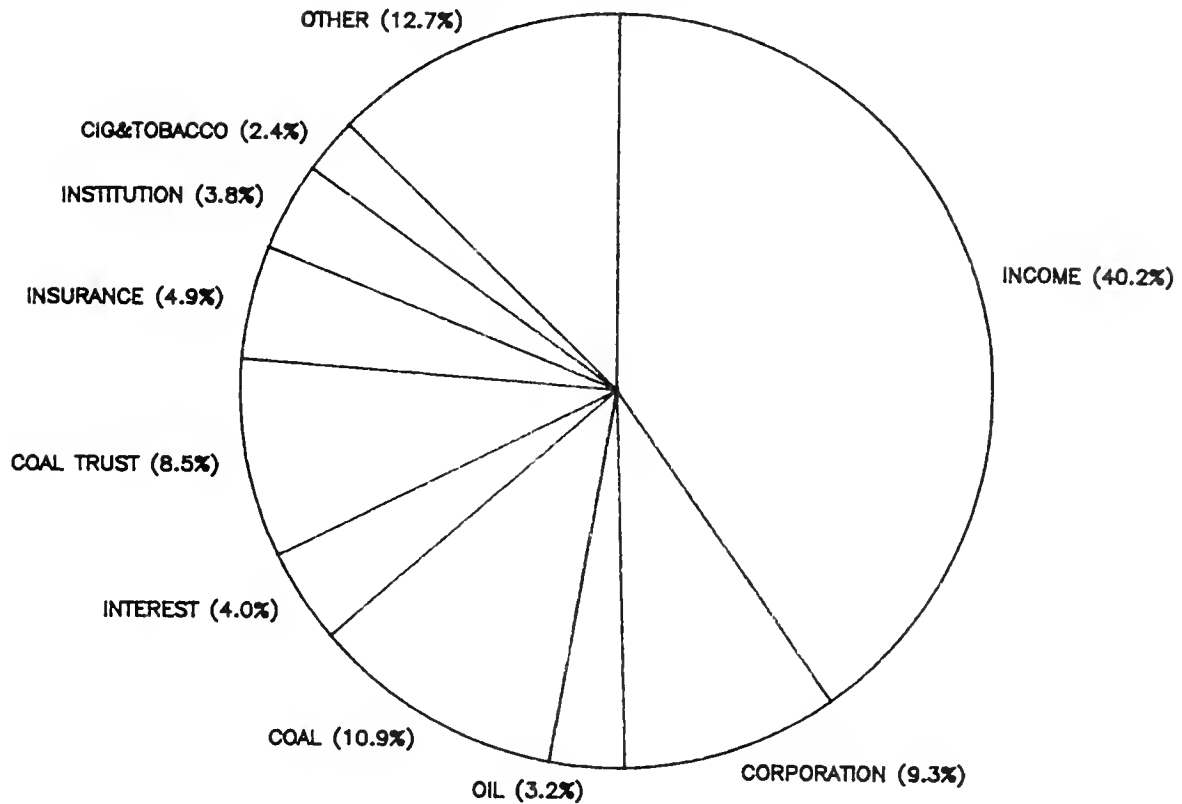
## GENERAL FUND REVENUE ANALYSIS

CONTRIBUTION BY SOURCE - FY 88



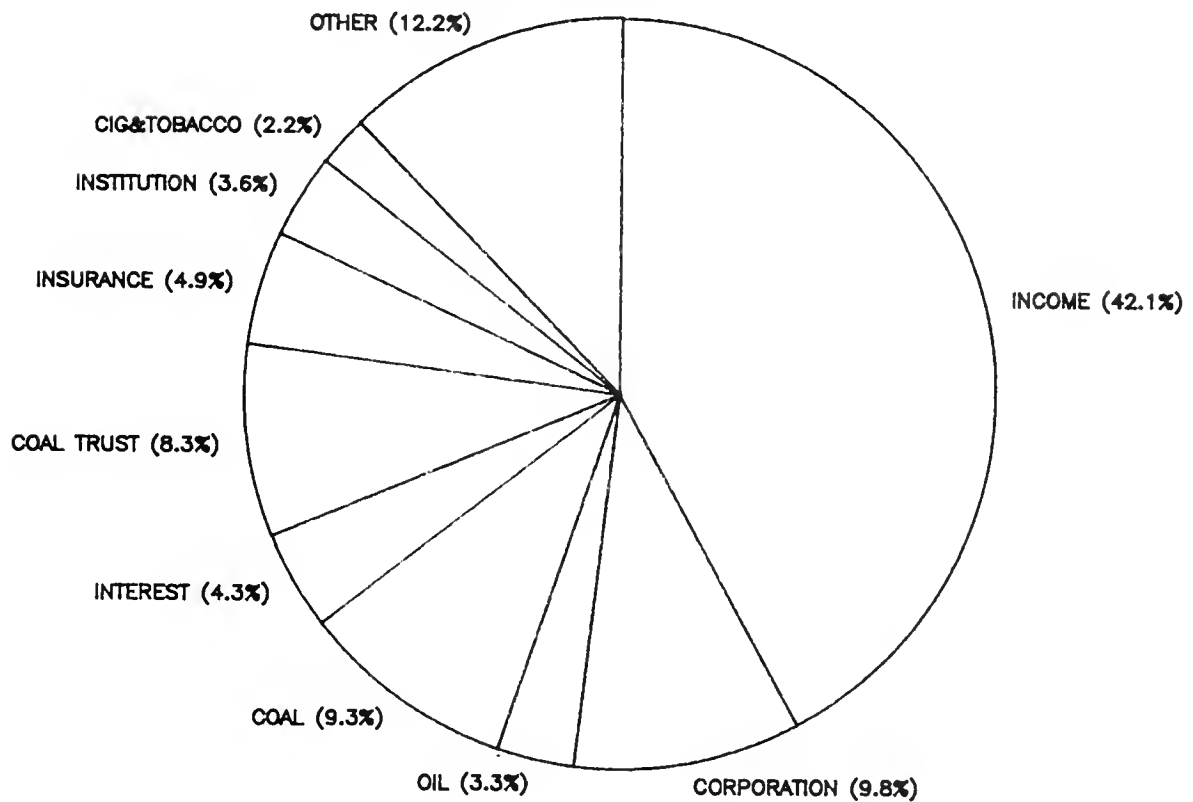
## GENERAL FUND REVENUE ANALYSIS

CONTRIBUTION BY SOURCE - FY 88



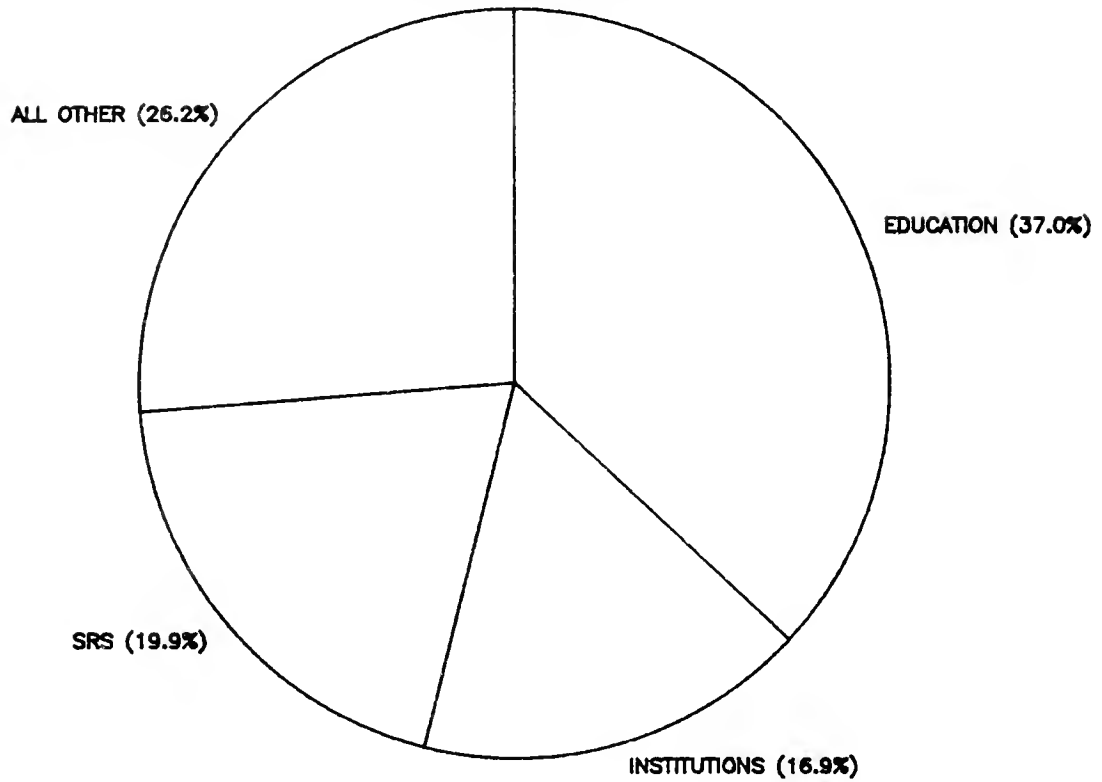
## GENERAL FUND REVENUE ANALYSIS

CONTRIBUTION BY SOURCE - FY 89



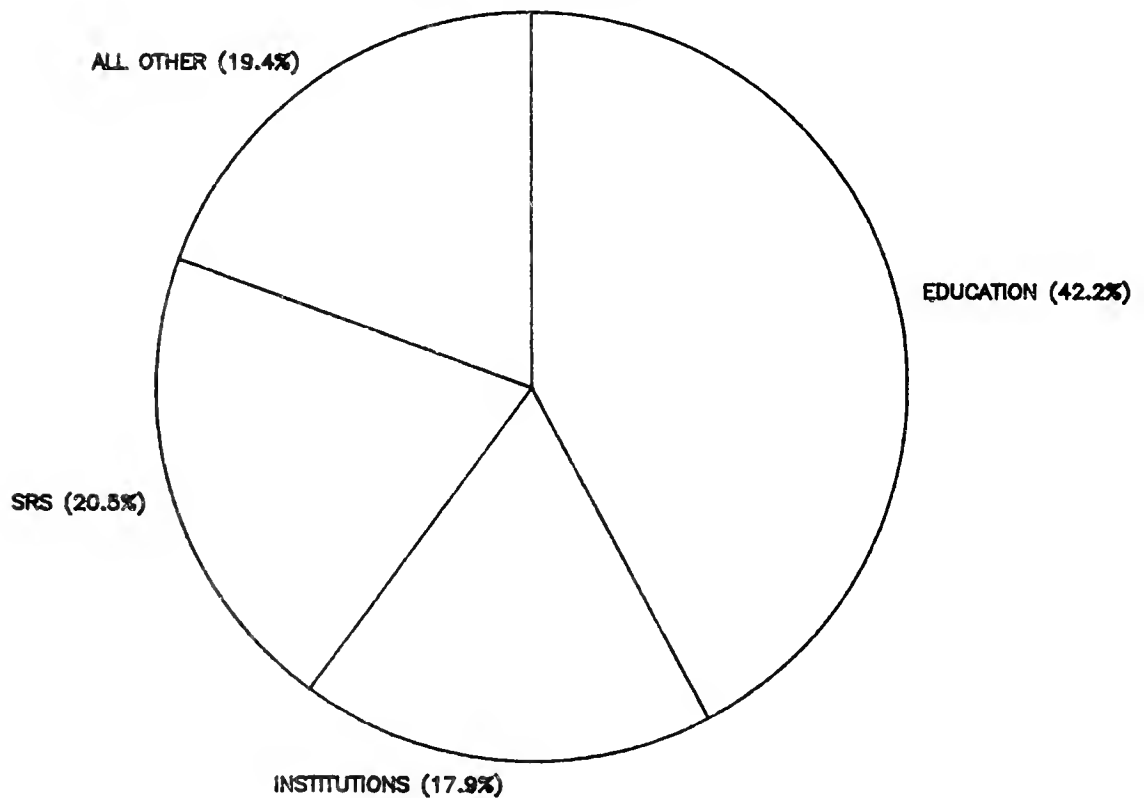
## GENERAL FUND EXPENDITURE ANALYSIS

FISCAL YEAR 1986



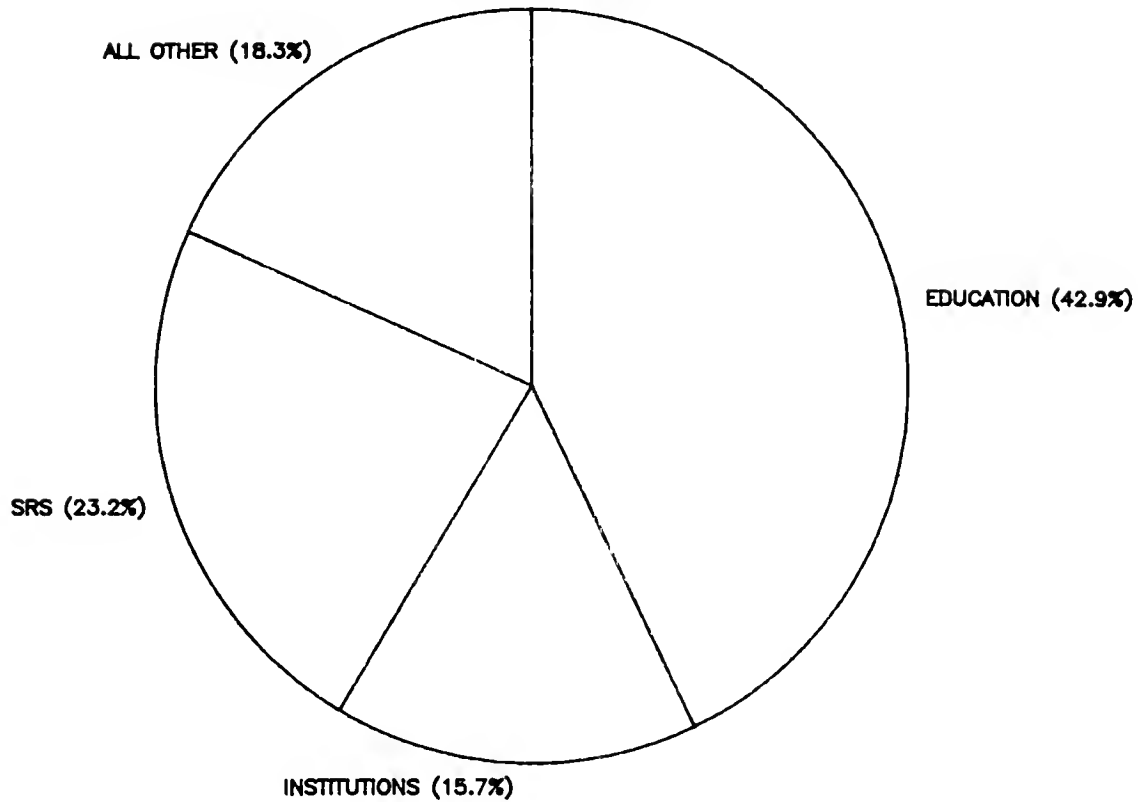
## GENERAL FUND EXPENDITURE ANALYSIS

FISCAL YEAR 1987



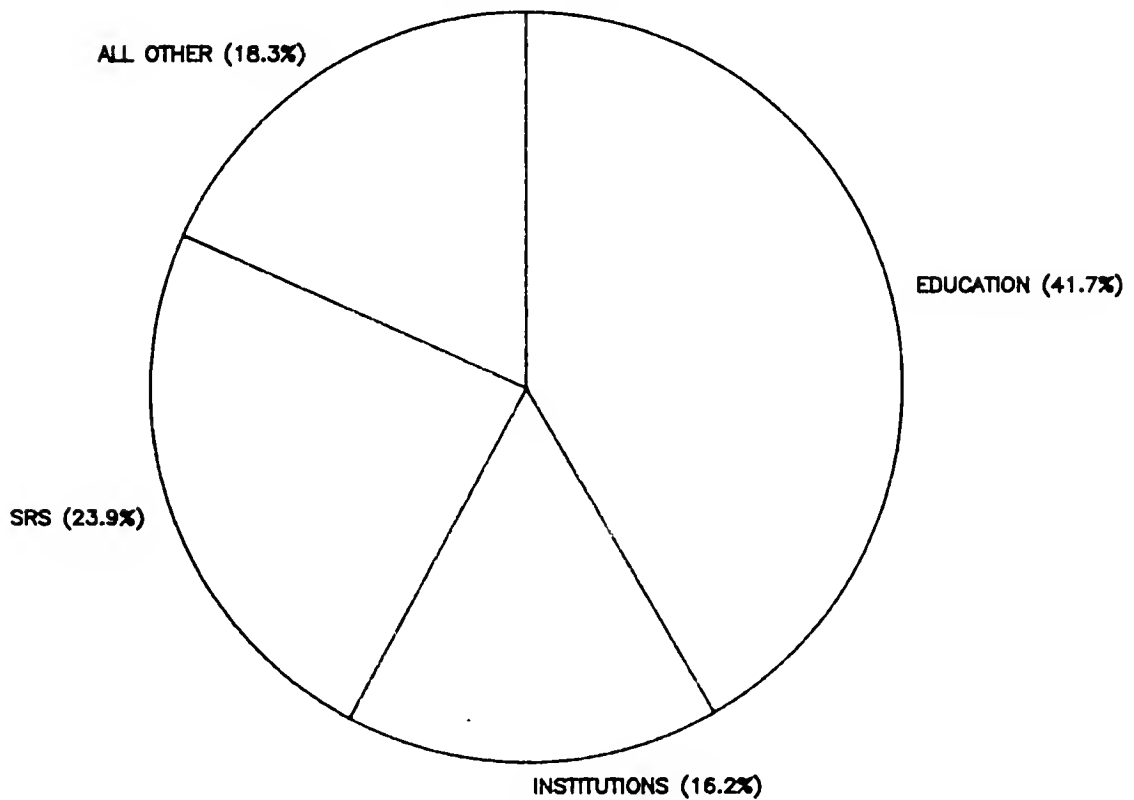
## GENERAL FUND EXPENDITURE ANALYSIS

FISCAL YEAR 1988



## GENERAL FUND EXPENDITURE ANALYSIS

FISCAL YEAR 1989



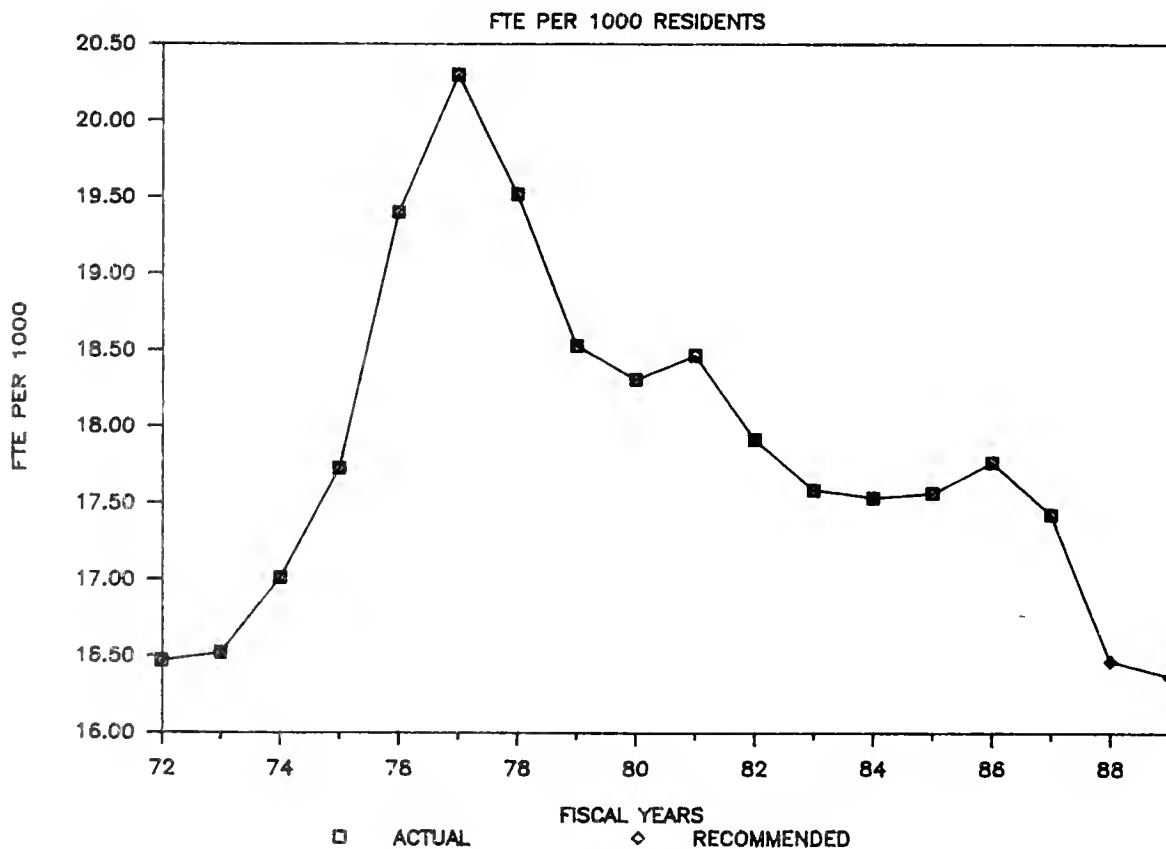
## COMPARISON OF FULL-TIME EQUIVALENT (FTE) POSITIONS BY AGENCY

The recommended level of FTE for state government is the lowest since 1975. A total 950 FTE have been eliminated as compared to the FY87 authorized level. The decline in FTE is even more dramatic when the new services that have been added in the past few years are considered. The recommended budget includes 87.5 probation officers that have been counted as county employees in the past. An additional 35 FTE are added due to the passage of the lottery initiative. Staffing the new forensics building at Warm Springs adds an additional 15 FTE in FY88 and a total of 30 FTE in FY89. Without these new services the number of FTEs in state government would decline by 1100.

Over the past few legislative sessions state government has accepted the responsibility for services formerly outside of state government. Assumption of the Vo-Tech system in FY82 added 246 FTE to the state's payroll even though the level of service remained the same. Assumption of county welfare in the 12 "assumed counties" has added staff to SRS since 1983. Additional housing at the State Prison required the addition of 79 prison guards.

Despite these additions, the total number of state FTE has declined and the number of FTE per capita has declined significantly. The following graph depicts the number of state employees per 1000 residents. By FY89 the number of per capita state employees will be at the lowest point in 18 years.

### STATE OF MONTANA EMPLOYEES



COMPARISON OF FULL-TIME EQUIVALENT (FTE)  
POSITIONS BY AGENCY

State Agency	Actual FY 86	Approved FY 87	Recommended FY 88	FY 89
Administration	419.84	426.09	411.59	413.09
Agriculture	92.53	91.32	86.67	86.67
Arts Council	5.50	4.00	7.47	7.47
Auditor, State	60.17	60.00	56.50	56.50
Commerce	278.95	276.45	320.10	321.10
Deaf and Blind School	86.82	86.82	85.63	85.63
Fire Services Training	6.00	6.00	5.00	5.00
Fish, Wildlife and Parks	553.18	493.71	495.76	496.51
Governor's Office	64.08	63.08	57.40	57.90
Health and Environ Sc	240.79	241.25	245.50	245.25
Highways	2005.50	1985.75	1869.64	1863.64
Historical Society	55.50	51.00	47.38	47.38
Institutions	2274.11	2308.69	1983.75	1998.70
Justice	622.68	627.85	545.33	545.33
Labor and Industry	798.57	798.65	793.90	793.90
Lands	293.25	304.08	300.73	307.88
Legislative Agencies	131.50	146.50	132.00	146.00
Library Commission	26.60	25.50	27.50	27.50
Livestock	116.61	121.61	114.61	114.61
Military Affairs	91.23	91.00	95.50	95.50
Nat Resources and Conser	273.22	256.67	253.42	255.42
Political Practices, Com	4.75	4.75	4.75	4.75
Public Education, Bd of	2.00	2.00	2.00	2.00
Public Service Reg	46.00	46.00	45.00	45.00
Revenue	1029.88	1014.55	854.17	838.97
Secretary of State	35.00	31.50	28.50	28.50
Social and Rehab Serv	1112.20	1128.82	737.96	738.47
Supt of Public Instr	134.10	134.10	129.60	129.60
Supreme Court	91.24	91.00	90.50	87.00
University System	3474.61	3482.38	2983.48	2983.48
Vo Ed., Advisory Council	2.00	2.00	2.00	2.00
Vo-Tech Centers	251.34	251.34	241.69	241.69
Business Regs	0.00	0.00	0.00	0.00
Community Affairs	0.00	0.00	0.00	0.00
Occupational Licensing	0.00	0.00	0.00	0.00
Bi Centen Commission	0.00	0.00	0.00	0.00
State Treasurer	0.00	0.00	0.00	0.00
Family Services	0.00	0.00	645.38	645.38
Centennial Commission	0.00	0.00	4.00	4.00
Totals	14679.75	14654.46	13704.41	13721.82
FTE/REPORT TO GOVERNOR	9826.36	9777.04	9445.06	9451.97
ALL OTHER	4853.39	4877.42	4259.35	4269.85

Notes:

Actual FY86 and approved FY87 includes both current level positions and positions added via the budget admendment process.

Recommended FY88 and FY89 includes current and modified level positions.

## BUDGET SUMMARY BY FUND

General Fund	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
LEGISLATIVE AUDITOR	1,094,232.96	1,068,819	1,217,733	1,209,495
LEGISLATIVE FISCAL ANALYST	739,438.94	721,386	732,811	783,548
LEGISLATIVE COUNCIL	1,859,050.23	2,102,918	2,277,136	2,332,753
LEGISLATURE-SENATE	291,297.82	0	0	0
LEGISLATURE-HOUSE	528,672.13	0	0	0
ENVIRONMENTAL QUALITY COUNCIL	228,391.76	223,375	241,033	237,442
JUDICIARY	4,223,720.17	4,193,301	4,281,842	4,183,035
GOVERNORS OFFICE	2,229,948.39	2,212,916	2,228,172	2,255,439
SECRETARY OF STATES OFFICE	861,920.45	859,387	768,950	770,088
COMMISSIONER OF POLITICAL PRAC	139,651.73	135,584	150,839	146,497
STATE AUDITORS OFFICE	1,072,582.81	1,050,115	881,340	832,328
OFFICE OF PUBLIC INSTRU- TION	46,915,037.33	67,944,008	82,754,609	74,714,961
CRIME CONTROL DIVISION	480,359.74	469,170	468,260	459,290
DEPARTMENT OF JUSTICE	8,852,419.65	5,267,369	5,988,640	5,877,601
PUBLIC SERVICE REGULATION	1,591,501.64	0	0	0
BOARD OF PUBLIC EDUCATION	105,670.09	99,801	103,696	101,311
COMMISSIONER OF HIGHER ED	88,729,604.87	81,431,571	85,083,313	84,930,845
SCHOOL FOR THE DEAF & BLIND	2,639,471.06	2,060,846	2,539,844	2,525,961
MONTANA ARTS COUNCIL	118,707.00	111,174	117,403	112,585
LIBRARY COMMISSION	542,293.89	524,096	530,180	502,717
HISTORICAL SOCIETY	1,204,072.79	1,072,839	1,120,370	1,114,206
BOARD OF REGENTS	22,585.50	22,292	177,486	27,541
FIRE SERVICES TRAINING SCHOOL	227,941.06	213,777	200,547	199,462
DEPT OF FISH WILDLIFE & PARKS	405,052.81	0	0	0
DEPT HEALTH & ENVIRON SCI- ENCES	3,853,776.54	3,350,205	3,751,227	3,712,500
DEPARTMENT OF STATE LANDS	8,678,724.68	6,529,244	7,120,793	7,055,630
DEPARTMENT OF LIVESTOCK	641,095.67	580,100	654,923	658,538
DEPT OF NAT RESOURCES & CONSER	4,416,053.26	4,059,452	4,689,163	4,758,348
DEPARTMENT OF REVENUE	18,841,525.08	17,267,091	17,809,800	17,894,043
DEPARTMENT OF ADMINIS- TRATION	16,073,522.42	3,710,496	4,104,965	4,010,101
PUBLIC EMPLOYEES RETIRE- MENT BD	0.00	0	0	0
DEPARTMENT OF AGRICUL- TURE	1,542,157.28	1,453,696	1,727,976	1,708,478
DEPARTMENT OF INSTI- TUTIONS	10,960,489.01	11,038,111	10,883,707	10,845,052
MONTANA DEVELOPMENTAL CENTER	10,711,415.75	11,046,061	11,626,582	11,783,961
CENTER FOR THE AGED	2,497,287.26	2,499,164	2,656,825	2,664,768
EASTMONT TRAINING CENTER	2,084,528.55	2,079,472	2,205,967	2,206,861
MOUNTAIN VIEW SCHOOL	1,661,606.49	1,541,345	0	0
PINE HILLS SCHOOL	2,594,333.63	2,707,216	0	0
MONTANA STATE PRISON	10,410,158.62	11,792,935	12,756,670	12,963,206
SWAN RIVER YOUTH FOREST CAMP	829,228.24	817,362	837,161	834,171
VETERANS HOME	441,336.40	484,554	565,551	579,282
MONTANA STATE HOSPITAL	17,596,933.03	17,841,512	19,543,442	19,840,723
BOARD OF PARDONS	160,620.69	159,842	155,048	152,688
MONTANA YOUTH TREAT- MENT CENTER	2,095,064.74	1,201,832	0	0
DEPARTMENT OF COMMERCE LABOR AND INDUSTRY	9,350,978.18	8,229,721	7,714,326	7,728,981
	0.00	0	0	0



# BUDGET SUMMARY BY FUND

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General Fund	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
LABOR & IND-EMPLOYMENT SERVS	1,335,930.61	997,250	1,073,604	1,071,901
LABOR & IND-WORKERS' COMP	99,977.91	100,791	657,444	632,029
ADJUTANT GENERAL	1,952,725.19	1,798,564	1,836,982	1,818,031
DEPT SOCIAL & REHAB SER- VICES	72,882,336.13	72,469,930	70,252,325	71,089,616
DEPARTMENT OF FAMILY SER- VICES	0.00	0	20,307,588	20,317,806
SUPPLEMENTAL REQUESTS	0.00	12,778,978	0	0
LEGISLATIVE FEED BILL	0.00	4,400,000	0	4,400,000
RESERVE FOR CONT APPROP	0.00	4,314,663	0	0
ADJUSTMENTS	0.00	(633,172)	0	0
APPROPRIATION TRANSFERS	0.00	(5,356,246)	0	0
MISCELLANEOUS APPROPRIA- TIONS	0.00	4,295,058	0	0
STATUTORY APPROPRIATIONS	0.00	15,452,821	13,775,266	14,127,615
WORKERS COMPENSATION	0.00	355,000	941,000	1,117,000
PERS	0.00	0	(1,143,000)	(1,166,000)
2 PERCENT CUTS	0.00	(4,870,308)	0	0
REVERSIONS	0.00	(4,000,000)	(6,500,000)	(6,500,000)
ELECTED OFFICIAL POOL	0.00	0	100,000	0
PRIOR YEAR ADJUSTMENTS	0.00	(2,153,000)	0	0
RESIDUAL EQUITY TRANSFERS	0.00	(6,607,000)	0	0
Total Deductions	\$366,815,430.18	\$373,517,484	\$401,969,539	\$399,622,434
LICENSES & PERMITS	25,803,831.69	28,103,880	28,873,130	30,034,650
TAXES	210,715,218.00	231,100,650	241,601,650	257,255,650
SERVICE FEES	15,822,119.49	15,632,796	16,256,173	16,355,097
INVESTMENT EARNINGS	15,291,982.92	18,769,500	18,208,500	20,057,500
FINES	799,988.46	680,469	680,469	680,469
REIMBURSEMENTS	560,540.72	551,501	559,636	562,636
SALE	48,594.94	79,086	50,086	80,186
DOCUMENTS MERCH & PROPERTY				
RENTALS LEASES & ROYALTIES	152,376.79	144,664	144,246	144,746
MISCELLANEOUS	1,106,335.29	5,360,453	1,478,109	1,771,065
GRANTS GIFTS BEQUESTS DONATION	416.72	0	0	0
INCOME COLLECTIONS & TRANSFERS	79,026,327.34	83,852,001	79,895,001	82,930,001
FEDERAL ASSISTANCE	214,580.75	215,000	215,000	215,000
Total Additions	\$349,542,313.11	\$384,490,000	\$387,962,000	\$410,087,000
Beginning Fund Balance	\$22,231,724.71	\$16,002,137	\$26,974,653	\$12,967,114
Subtract Adjustments	\$11,044,362.80	\$0	\$0	\$0
Ending Fund Balance	\$16,002,137.00	\$26,974,653	\$12,967,114	\$23,431,680

## BUDGET SUMMARY BY FUND

State Special Revenue Fund	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
LEGISLATIVE AUDITOR	866,542.67	938,807	901,640	889,640
LEGISLATIVE COUNCIL	316,618.02	0	787,391	0
ENVIRONMENTAL QUALITY COUNCIL	10,922.83	0	26,200	0
CONSUMER COUNSEL	461,315.67	852,691	851,643	856,153
JUDICIARY	424,663.88	568,604	504,366	504,560
GOVERNORS OFFICE	63,846.83	0	90,000	90,000
SECRETARY OF STATES OFFICE	322,855.69	309,835	439,604	394,103
COMMISSIONER OF POLIT- ICAL PRAC	48.00	950	800	600
STATE AUDITORS OFFICE	9,306,894.81	1,171,509	1,353,155	1,324,577
OFFICE OF PUBLIC INSTRU- TION	174,638,717.70	2,902,440	181,937,150	183,624,401
HIGHWAY TRAFFIC SAFETY	70,790.93	68,194	72,000	72,000
DEPARTMENT OF JUSTICE	11,103,274.59	13,378,173	13,570,590	13,249,147
PUBLIC SERVICE REGULA- TION	0.00	1,662,738	1,644,164	1,618,705
COMMISSIONER OF HIGHER ED	16,805,328.00	21,671,074	15,024,000	15,243,000
MONTANA ARTS COUNCIL	530,716.35	0	0	0
LIBRARY COMMISSION	528,390.61	423,866	427,317	416,839
HISTORICAL SOCIETY	188,366.97	0	0	0
DEPT OF FISH WILDLIFE & PARKS	18,793,694.31	16,773,038	17,327,180	17,234,499
DEPT HEALTH & ENVIRON SCIENCES	1,774,244.74	2,241,961	2,501,633	2,178,239
DEPARTMENT OF HIGHWAYS	183,387,074.13	152,048,344	123,539,273	113,712,062
DEPARTMENT OF STATE LANDS	3,333,684.78	3,216,558	2,896,932	2,757,749
DEPARTMENT OF LIVESTOCK	3,223,950.83	3,576,256	3,429,258	3,443,103
DEPT OF NAT RESOURCES & CONSER	20,378,956.57	5,706,641	6,344,025	5,010,217
DEPARTMENT OF REVENUE	12,737,905.59	880,288	1,131,190	1,122,193
DEPARTMENT OF ADMINIS- TRATION	1,162,125.96	895,448	907,236	899,596
LONG RANGE BUILDING PLAN	1,211,670.26	0	0	0
DEPARTMENT OF AGRICUL- TURE	793,603.76	1,120,773	820,147	789,337
DEPARTMENT OF INSTI- TUTIONS	1,885,453.63	331,597	344,074	328,371
MONTANA DEVELOPMENTAL CENTER	28,607.96	20,324	12,501	12,501
CENTER FOR THE AGED	3,959.26	7,735	9,735	9,735
EASTMONT TRAINING CEN- TER	2,932.64	3,000	4,000	4,000
MOUNTAIN VIEW SCHOOL	1,715.13	2,000	0	0
PINE HILLS SCHOOL	45,569.12	42,015	0	0
MONTANA STATE PRISON	786,089.62	780,201	1,035,720	1,124,809
SWAN RIVER YOUTH FOREST CAMP	79,010.99	74,794	86,383	86,617
VETERANS HOME	15,337.71	20,764	20,764	20,764
MONTANA STATE HOSPITAL	1,720,309.91	1,713,608	1,731,361	1,720,311
DEPARTMENT OF COMMERCE	25,922,289.77	22,122,306	21,710,153	22,650,657
LABOR AND INDUSTRY	0.00	0	0	0
LABOR & IND-EMPLOYMENT SERVS	3,250.00	3,250	4,000	4,000
LABOR & IND-WORKERS' COMP	7,773,879.26	7,388,959	7,873,319	8,111,104
DEPT SOCIAL & REHAB SER- VICES	7,779,510.37	7,956,887	8,548,086	8,934,248

# BUDGET SUMMARY BY FUND

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State Special Revenue Fund	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
DEPARTMENT OF FAMILY SERVICES	0.00	0	164,451	163,542
CENTENNIAL COMMISSION	0.00	0	1,500,000	1,500,000
Total Deductions	\$508,484,119.85	\$270,875,628	\$419,571,441	\$410,101,379
LICENSES & PERMITS	51,732,978.10	53,344,794	53,945,471	54,764,657
TAXES	218,693,000.45	214,855,508	241,287,112	245,313,660
SERVICE FEES	21,752,234.43	24,145,276	24,702,012	25,321,087
INVESTMENT EARNINGS	46,766,361.00	36,684,990	33,616,121	34,150,945
FINES	1,751,044.20	1,489,000	1,476,000	1,486,000
REIMBURSEMENTS	6,401.80	8,700	9,709	8,182
SALE	2,297,968.73	2,016,239	3,971,079	3,366,398
DOCUMENTSMERCH&PROPERTY RENTALSLEASES & ROYAL-TIES	20,804,208.72	894,738	568,333	568,333
FIDUCIARY & TRUST	280,318.02	300,000	799,583	1,016,502
MISCELLANEOUS	355,912.84	381,445	410,667	410,667
GRANTSGIFTSBEQUESTSDONATION	892,725.04	2,480,280	923,560	826,673
INCOME COLLECTIONS & TRANSFERS	83,901,991.20	93,518,174	110,847,146	120,951,734
FEDERAL ASSISTANCE	51,695.24	16,106,000	16,201,000	17,678,000
Total Additions	\$449,286,839.77	\$446,225,144	\$488,757,793	\$505,862,838

## BUDGET SUMMARY BY FUND

Federal & Other Spec Rev Fund	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
JUDICIARY	8,856.41	0	23,600	0
GOVERNORS OFFICE	504,028.05	778,315	442,038	442,155
STATE AUDITORS OFFICE	5,921,758.63	0	0	0
OFFICE OF PUBLIC INSTRUCTION	5,784,275.73	6,436,474	7,673,226	7,664,285
CRIME CONTROL DIVISION	652,834.19	82,500	845,000	845,000
HIGHWAY TRAFFIC SAFETY	1,438,371.66	1,484,050	1,097,749	1,096,215
DEPARTMENT OF JUSTICE	696,300.51	829,927	527,506	525,101
PUBLIC SERVICE REGULATION	30,033.20	50,919	39,560	42,502
COMMISSIONER OF HIGHER ED	1,155,079.30	1,570,591	1,307,302	1,354,135
SCHOOL FOR THE DEAF & BLIND	413,426.40	461,155	406,605	387,078
MONTANA ARTS COUNCIL	417,550.00	392,798	401,850	401,830
LIBRARY COMMISSION	748,481.31	609,005	697,933	707,924
MONTANA COUNCIL ON VOCATIONAL	83,956.47	117,338	113,607	113,663
HISTORICAL SOCIETY	900,338.95	1,060,461	1,089,073	1,042,448
FIRE SERVICES TRAINING SCHOOL	12,500.00	2,000	2,000	2,000
DEPT OF FISH WILDLIFE & PARKS	8,189,848.79	6,869,024	7,039,672	6,933,199
DEPT HEALTH & ENVIRON SCIENCES	16,347,547.03	17,843,893	19,780,047	21,142,416
DEPARTMENT OF HIGHWAYS	129,073,261.09	114,992,701	94,258,614	94,799,079
DEPARTMENT OF STATE LANDS	6,922,694.16	9,860,437	8,716,555	8,647,935
DEPARTMENT OF LIVESTOCK	526,627.15	588,000	95,000	95,000
DEPT OF NAT RESOURCES & CONSER	1,221,384.39	1,201,354	6,388,849	1,171,503
DEPARTMENT OF REVENUE	1,363,383.52	1,560,191	1,446,515	1,470,786
LONG RANGE BUILDING PLAN	176,652.67	0	0	0
DEPARTMENT OF AGRICULTURE	858,194.23	1,370,219	1,686,745	1,741,387
DEPARTMENT OF INSTITUTIONS	2,437,969.40	2,322,126	2,183,989	2,178,289
MONTANA DEVELOPMENTAL CENTER	38,733.24	44,513	42,661	44,384
MOUNTAIN VIEW SCHOOL	105,796.10	66,332	0	0
PINE HILLS SCHOOL	539,785.92	489,191	0	0
MONTANA STATE PRISON	125,541.38	91,292	119,851	120,047
SWAN RIVER YOUTH FOREST CAMP	38,837.83	39,450	31,386	31,414
VETERANS HOME	1,367,647.52	1,393,515	1,376,677	1,376,677
MONTANA STATE HOSPITAL	5,985.77	5,103	3,775	3,775
MONTANA YOUTH TREATMENT CENTER	38,000.16	41,555	0	0
DEPARTMENT OF COMMERCE	18,174,083.46	17,894,707	19,784,529	18,327,022
LABOR AND INDUSTRY	0.00	0	0	0
LABOR & IND-EMPLOYMENT SERVS	25,782,560.62	25,768,825	26,695,924	27,066,701
LABOR & IND-WORKERS' COMP	124,029.98	222,981	124,449	124,876
ADJUTANT GENERAL	3,744,107.01	1,834,842	3,278,878	3,314,100
DEPT SOCIAL & REHAB SERVICES	151,353,372.48	154,584,902	176,429,058	185,624,696
DEPARTMENT OF FAMILY SERVICES	0.00	0	13,184,324	13,234,546
Total Deductions	\$387,323,834.71	\$372,960,686	\$397,334,547	\$402,072,168

# BUDGET SUMMARY BY FUND

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Federal & Other Spec Rev Fund	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
TAXES	2,021,303.17	2,976,000	2,550,730	2,551,893
SERVICE FEES	6,332,936.85	6,186,036	9,585,616	9,510,995
INVESTMENT EARNINGS	1,479,265.32	1,509,670	1,338,145	985,311
FINES	4,671.53	450,000	500,000	500,000
REIMBURSEMENTS	2,465,412.74	2,088,304	1,518,139	1,501,491
SALE	106,821.59	168,228	129,028	124,028
DOCUMENTS MERCH & PROPERTY				
RENTALS LEASES & ROYAL-	129,136.78	145,990	127,821	127,821
TIES				
MISCELLANEOUS	24,848.73	27,900	47,770	48,875
GRANTS GIFTS BEQUESTS DONATION	3,068,060.78	2,285,915	2,344,515	2,323,717
INCOME COLLECTIONS &	202,000.00	20,000	0	0
TRANSFERS				
FEDERAL ASSISTANCE	376,583,748.04	395,419,530	469,562,839	474,733,700
Total Additions	\$392,418,205.53	\$411,277,573	\$487,704,603	\$492,407,831

## BUDGET SUMMARY BY FUND

Proprietary Fund	Actual		Recommendation	
	FY 1986	Budgeted FY 1987	FY 1988	FY 1989
GOVERNORS OFFICE	73,750.00	73,750	0	0
STATE AUDITORS OFFICE	0.00	0	0	0
DEPARTMENT OF JUSTICE	459,234.44	436,046	463,035	463,344
PUBLIC SERVICE REGULA- TION	8,700.67	15,000	15,000	15,000
COMMISSIONER OF HIGHER ED	0.00	0	8,615,974	9,186,646
HISTORICAL SOCIETY	430,152.94	361,909	466,573	507,230
FIRE SERVICES TRAINING SCHOOL	1,620.31	12,000	12,000	12,000
DEPT OF FISH WILDLIFE & PARKS	1,720,136.87	2,193,510	2,186,639	2,353,148
DEPARTMENT OF HIGHWAYS	14,453,261.21	13,908,005	16,450,845	16,488,158
DEPARTMENT OF STATE LANDS	198,261.67	176,584	191,781	190,319
DEPARTMENT OF REVENUE	47,306,291.07	49,474,740	44,263,520	42,382,948
DEPARTMENT OF ADMINIS- TRATION	44,384,648.61	29,120,603	29,973,354	30,600,031
LONG RANGE BUILDING PLAN	22,110.66	0	0	0
DEPARTMENT OF AGRICUL- TURE	79,329.20	146,189	33,289	33,490
MONTANA STATE PRISON	1,912,860.37	2,385,063	1,965,510	2,074,876
MONTANA YOUTH TREAT- MENT CENTER	8,013.62	28,065	0	0
DEPARTMENT OF COMMERCE LABOR AND INDUSTRY	58,516,124.89	3,478,385	29,287,974	29,322,767
LABOR & IND-EMPLOYMENT SERVS	0.00	0	0	0
	1,309.00	3,500	2,619,994	2,542,141
Total Deductions	\$169,575,805.53	\$101,813,349	\$136,545,488	\$136,172,098
LICENSES & PERMITS	339,294.71	0	50,000	50,000
TAXES	9,567,615.09	9,221,000	8,842,000	8,481,000
SERVICE FEES	62,115,909.21	62,335,443	66,277,058	67,669,684
INVESTMENT EARNINGS	60,637,839.56	4,518,121	7,343,963	7,873,913
REIMBURSEMENTS	647,526.00	630,000	3,260,906	3,178,906
SALE	42,921,090.92	42,510,382	40,822,221	40,028,706
DOCUMENTS MERCH & PROPERTY RENTALS LEASES & ROYAL- TIES	75,395.64	50,500	50,500	50,500
FIDUCIARY & TRUST	0.00	8,700,000	8,615,974	9,186,646
MISCELLANEOUS	183,319.76	16,334	24,967,500	25,057,500
INCOME COLLECTIONS & TRANSFERS	5,798,648.09	5,155,201	3,259,687	3,052,991
Total Additions	\$182,286,638.98	\$133,136,981	\$163,489,809	\$164,629,846

# BUDGET SUMMARY BY FUND

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Current Unrestricted Fund	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
BILLINGS VO TECH	2,000,732.10	1,736,993	1,542,693	1,531,696
BUTTE VO TECH	1,582,840.86	1,349,012	1,260,764	1,246,201
GREAT FALLS VO TECH	1,738,346.10	1,445,418	1,410,608	1,398,714
HELENA VO TECH	2,389,881.97	2,092,055	1,799,198	1,786,381
MISSOULA VO TECH	2,604,302.31	1,971,389	1,713,960	1,706,613
UNIVERSITY OF MONTANA	35,956,559.36	35,612,295	34,332,329	34,392,265
MONTANA STATE UNIVER- SITY	45,127,771.43	44,635,258	41,731,554	41,849,038
MONT COLLEGE OF MIN SC & TECH	10,286,487.19	10,238,012	8,768,920	8,748,535
EASTERN MONTANA COLLEGE	13,779,826.98	13,735,246	12,746,791	12,713,152
NORTHERN MONTANA COL- LEGE	7,567,829.10	7,566,514	7,490,039	7,472,178
WESTERN MONTANA COL- LEGE	3,920,189.29	3,960,578	4,194,525	4,161,871
AGRICULTURAL EXPER STA- TION	8,559,556.70	9,105,023	8,438,699	8,461,110
COOPERATIVE EXTENSION SERVICE	4,016,842.82	4,236,089	3,720,871	3,722,611
FORESTRY & CONS EXPER STATION	671,812.05	645,309	655,886	657,707
Total Deductions	\$140,202,978.26	\$138,329,191	\$129,806,837	\$129,848,072
LICENSES & PERMITS	0.00	0	0	0
TAXES	1,613,693.84	804,809	823,822	844,463
SERVICE FEES	26,521,948.63	28,532,534	27,286,971	27,340,375
INVESTMENT EARNINGS	67,297.94	30,000	30,000	30,000
REIMBURSEMENTS	1,090,942.21	1,412,000	0	0
SALE	778,764.11	763,000	725,852	726,469
DOCUMENTS MERCH & PROPERTY RENTALS LEASES & ROYAL- TIES	7,131.50	0	0	0
MISCELLANEOUS	285,262.81	252,030	227,300	228,300
INCOME COLLECTIONS & TRANSFERS	105,297,751.12	100,328,029	97,316,195	97,290,357
FEDERAL ASSISTANCE	3,779,970.15	3,895,809	3,627,571	3,627,571
Total Additions	\$139,442,762.31	\$136,018,211	\$130,037,711	\$130,087,535

## EXPENDITURE LIMITATION

With the passage of HB653 (Expenditure Limitation Act) during the 47th Legislature, a new element was added to the budget process. The total increase in biennial appropriations from the general, special revenue and cash portion of the capital projects funds is limited to the growth in Montana's personal income. This law not only limits the total appropriations but also forces a balance among increases in general, special revenue and cash building funds.

To determine the overall effect of the expenditure limitation for the 1989 biennium, the average personal income growth must be calculated. The method to be used is delineated in section 17-8-106 MCA: "The growth percentage is the percentage difference between the average Montana total personal income for the 3 calendar years immediately preceding the next biennium and the average Montana total personal income for the 3 calendar years immediately preceding the current biennium."

Using these criteria, the personal income growth was determined using the following statistics.

Cal- endar Year	Personal Income (Billions)	Personal Income Growth
		Source
1982	\$8.110278	Bureau of Economic Analysis
1983	8.487642	Bureau of Economic Analysis
1984	8.921341	Bureau of Economic Analysis
1985	9.066864	Bureau of Economic Analysis
1986	9.549523	Revenue Estimating Advisory Council

Since the average total personal income for the 3 years immediately preceding the current biennium (1982, 1983 and 1984) is \$8.506420 billion and the average total personal income for the 3 years immediately preceding the 1989 biennium (1984, 1985, and 1986) is \$9.179243 billion, the growth in personal income between these two periods is 7.91%. This percentage is the limit on appropriation growth for the 1989 biennium.

To complete the calculation of the expenditure limitation, it is necessary to determine the total appropriations for the 1987 biennium, according to the definition contained in section 17-8-105, MCA. This section specifically excludes interest payments, tax relief and inter-governmental transfers from the appropriation base. The following table shows the development of the appropriation base using these criteria.

### Base Appropriation Calculations 1987 Biennium (Millions)

	General Fund	Special Revenue Fund	Cash Bldg Fund	Total
1987 Biennium Appropriations	\$755.9	\$1,186.9	\$11.03	\$1,953.6
EXCLUSIONS				
Interest Payments	24.9			24.9
Debt Service				
Tax Anticipation Notes	6.4			6.4
Transfers				
Public School				
Support	32.6			32.6
TOTAL	\$692.0	\$1,186.7	\$11.03	\$1,889.7

The final step in determining the expenditure limit for the 1989 biennium is multiplying the adjusted 1987 biennial appropriation total (\$1,889.7 million) by the allowable growth factor (7.91%). This yields the total amount that may be appropriated from these 3 funds during the 1989 biennium - \$2,039.4 million.

The Executive Budget recommendations are below the limitations imposed by the act.

### Executive Budget Summary 1989 Biennium (Millions)

Expenditure Limitation	\$2,039.4
Recommended Special Revenue	-972.7
Appropriation	
Recommended Capital Projects	-6.2
(Cash)	
Recommended General Fund	-696.6
Appropriation	
Expenditure Limitation Balance	\$ 363.9

In summary, the Executive Budget recommendations have complied with the state Expenditure Limitation Act.



## REVENUE ESTIMATING ADVISORY COUNCIL

The Governor created the Revenue Estimating Advisory Council by Executive Order in April 1986, to establish the economic assumptions necessary to forecast the revenues of the State of Montana. The Office of Budget and Program Planning (OBPP) was assigned to staff the Council.

The Council held public hearings on October 23rd, and November 10th to receive testimony from industry representatives, economists, university faculty, state agency officials and legislative staff. The Council adopted the economic assumptions shown in the following tables. The Executive Budget revenue estimate is based on those assumptions.

The Council's public hearing process insures that the process of creating the executive branch revenue estimate is an open public process. The input of outside experts will increase the accuracy of the revenue estimation process. Hopefully, the process will allow for closer agreement on revenue estimates so that the legislature can spend its time deciding the spending priorities of the state rather than debating how much revenue is available.

The revenue estimate is presented in two parts. The Council's estimate based on current law is presented first. The Governor's proposals which provide general fund revenue

are presented separately to distinguish policy proposals from current law revenues. The economic assumptions adopted by the Council were used to calculate the revenue resulting from the policy proposals. Those same economic assumptions will be used in preparation of fiscal notes.

Membership: Revenue Estimating Advisory Council

William Mathers, Miles City, Chairman

Fritz Tossberg, Hamilton

George Ruff, Helena

Nancy Nicholson, Helena

Cal Robinson, Kalispell

## GENERAL FUND REVENUE ESTIMATES

General fund revenue includes receipts from levies upon personal income, corporate income, mineral extraction, alcoholic beverage consumption, insurance premiums and numerous other fees, licenses and taxes. Since most sources are influenced by the economic climate, forecasts formulated for most revenues utilize the economic forecasts previously outlined.

The tables that follow summarize estimated receipts followed by a revenue description and the forecast methodology used for each of the larger general fund revenue sources.

### Current Law General Fund Revenue Estimates (In Millions)

Source of Revenue	Actual FY 1986	Estimated FY 1987	Estimated FY 1988	Estimated FY 1989
Individual Income Tax	\$110.218323	\$123.742000	\$133.176000	\$147.194000
Corporation License Tax	33.884815	26.558000	30.816000	34.262000
Coal Severance Tax	20.001598	17.855000	12.846000	13.367000
Oil Severance Tax	23.152504	10.572000	12.539000	13.584000
Interest on Investments	13.285291	15.857000	15.707000	17.476000
Long-Range Bond Excess	35.487786	35.785000	37.602000	40.138000
Coal Trust Fund Interest	32.443208	33.612000	31.067000	34.307000
Insurance Premiums Tax	16.780399	18.248000	18.937000	20.002000
Public Institution Reimb.	14.166104	14.114000	14.684000	14.829000
Liquor Profits	4.500000	4.749000	4.151000	3.789000
Liquor Excise Tax	5.836884	5.625000	5.397000	5.179000
Inheritance Tax	8.364764	8.480000	7.211000	7.450000
Metal Mines Tax	0.989852	1.185000	2.295000	2.671000
Electrical Energy Tax	2.530403	2.583000	2.635000	2.621000
Drivers' License Fees	0.796349	0.804000	0.799000	0.809000
Telephone License Tax	3.243935	3.348000	3.400000	3.459000
Beer License Tax	1.287765	1.232000	1.156000	1.078000
Natural Gas Severance Tax	2.890666	2.241000	2.428000	2.833000
Freight Line Tax	1.195066	1.337000	1.339000	1.365000
Wine Tax	0.946287	0.984000	1.025000	1.068000
Other Revenue Sources	17.539483	21.433000	14.630000	15.014000
GRAND TOTAL	<u>\$349.541482</u>	<u>\$350.344000</u>	<u>\$353.840000</u>	<u>\$382.495000</u>

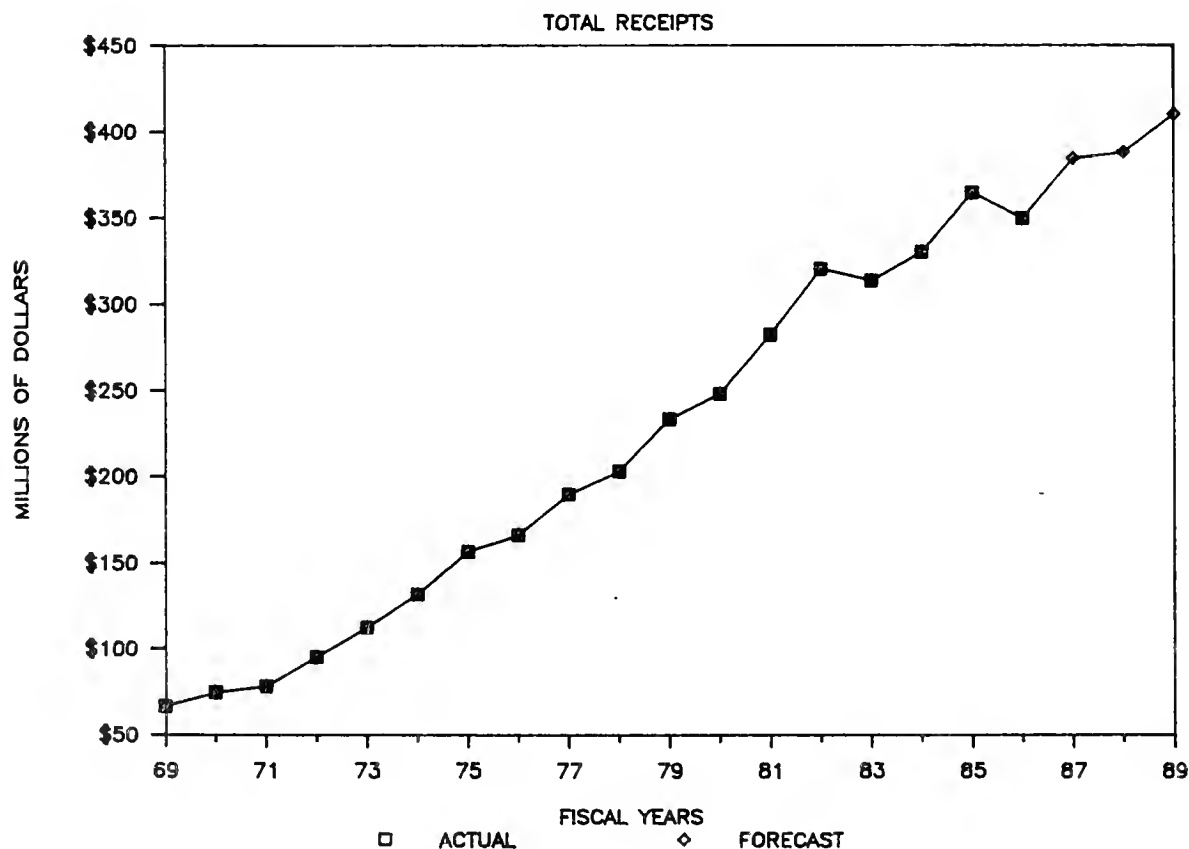
### Governor's Executive Budget Proposal General Fund Revenue Adjustments (In Millions)

Source of Revenue	FY87	FY88	FY89
Coal Severance Tax	\$29.206	\$29.247	\$24.843
Permanent Trust Earnings	4.940	2.030	(.146)
Other Revenue			
Vehicle License Fee	.000	2.873	2.923
Poker License Fee	.000	\$(.028)	(.028)
Total Adjustments	<u>\$34.146</u>	<u>\$34.122</u>	<u>\$27.592</u>

**Governor's Executive Budget Proposal  
General Fund Revenue Estimate  
(In Millions)**

<u>Source of Revenue</u>	<u>Actual FY1986</u>	<u>Estimated FY1987</u>	<u>Estimated FY1988</u>	<u>Estimated FY1989</u>
Individual Income Tax	\$110.218323	\$123.742000	\$133.176000	\$147.194000
Corporation License Tax	33.884815	26.558000	30.816000	34.262000
Coal Severance Tax	20.001598	47.061000	42.093000	38.210000
Oil Severance Tax	23.152504	10.572000	12.539000	13.584000
Interest on Investments	13.285291	15.857000	15.707000	17.476000
Long-Range Bond Excess	35.487786	35.785000	37.602000	40.138000
Coal Trust Interest Income	32.443208	38.552000	33.097000	34.161000
Insurance Premium Tax	16.780399	18.248000	18.937000	20.002000
Public Institutions Reimb.	14.166104	14.114000	14.684000	14.829000
Liquor Profits	4.500000	4.749000	4.151000	3.789000
Liquor Excise Tax	5.836884	5.625000	5.397000	5.179000
Inheritance Tax	8.364764	8.480000	7.211000	7.450000
Metal Mines Tax	0.989852	1.185000	2.295000	2.671000
Electrical Energy Tax	2.530403	2.583000	2.635000	2.621000
Drivers' License Tax	0.796349	0.804000	0.799000	0.809000
Telephone License Tax	3.243935	3.348000	3.400000	3.459000
Beer License Tax	1.287765	1.232000	1.156000	1.078000
Natural Gas Severance Tax	2.890666	2.241000	2.428000	2.833000
Freight Line Tax	1.195066	1.337000	1.339000	1.365000
Wine Tax	0.946287	0.984000	1.025000	1.068000
Other Revenue Sources	17.539483	21.433000	17.475000	17.909000
<b>GRAND TOTAL</b>	<b>\$349.541482</b>	<b>\$384.490000</b>	<b>\$387.962000</b>	<b>\$410.087000</b>

## GENERAL FUND REVENUE



# FOUNDATION PROGRAM REVENUE ESTIMATES

US oil and gas royalties, education trust interest and mandatory and permissive tax levies. These sources are depicted below.

The major components of foundation program revenue are income tax, corporation tax, coal tax, interest and income,

## Current Law Foundation Program Revenue Estimates (In Millions)

	Actual FY86	Estimated FY87	Estimated FY88	Estimated FY89
<b>STATE REVENUE</b>				
Income Tax	43.054033	48.337000	52.022000	57.498000
Corporation Tax	13.236255	10.374000	12.038000	13.383000
Coal Tax	4.210861	10.452000	2.989000	3.111000
Interest Income	37.301053	34.960000	32.710000	33.316000
US Oil & Gas Royalties	12.629639	16.036000	16.138000	17.620000
Education Trust Income	7.759479	7.610000	6.419000	6.836000
County Levy Surplus	18.344046			
<b>TOTAL STATE</b>	<b>136.535366</b>	<b>127.769000</b>	<b>122.316000</b>	<b>131.764000</b>
% CHANGE	-19.44%	-6.42%	-4.27%	7.72%
<b>COUNTY REVENUE</b>				
45 Mills	88.311954	101.988000	89.874000	91.110000
Elementary Transportation	-3.626615	-3.627000	-3.627000	-3.627000
Cash Reappropriated	3.018776	2.996000	1.704000	0.708000
Forest Fund	1.119352	1.119000	1.119000	1.119000
Taylor Grazing	0.117681	0.118000	0.118000	0.118000
Miscellaneous	6.045683	6.046000	6.046000	6.046000
High School Tuition	-0.760577	-0.761000	-0.761000	-0.761000
<b>TOTAL COUNTY</b>	<b>94.226254</b>	<b>107.879000</b>	<b>94.473000</b>	<b>94.713000</b>
% CHANGE	1.63%	14.49%	-12.43%	0.25%
<b>DISTRICT REVENUE</b>				
Permissive Levy	17.674084	16.901000	14.893000	15.09800
Light Vehicle Replacement	1.395710	1.273000	1.110000	1.155000
<b>TOTAL DISTRICT</b>	<b>19.069794</b>	<b>18.174000</b>	<b>16.00300</b>	<b>16.253000</b>
% CHANGE	3.95%	-4.70%	-11.95%	1.56%
<b>TOTAL STATE, COUNTY, DISTRICT</b>	<b>\$249.831414</b>	<b>\$253.822000</b>	<b>\$232.792000</b>	<b>\$242.730000</b>
% CHANGE	-10.94%	1.60%	-8.28%	4.27%

**Governor's Executive Budget Proposal  
Foundation Program Revenue Adjustments  
(In Millions)**

<u>Source of Revenue</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
Coal Severance Tax	\$ .000	\$10.226	\$8.891
Education Trust Interest	.000	(.119)	(.483)
Block Grant Return			
45 Mills	.000	.000	.363
Permissive	.000	.060	.059
<b>TOTAL ADJUSTMENTS</b>	<b>\$ .000</b>	<b>\$10.167</b>	<b>\$8.830</b>

**Governor's Executive Budget Proposal  
Foundation Program Revenue Estimates  
(In Millions)**

	<u>Actual FY86</u>	<u>Estimated FY87</u>	<u>Estimated FY88</u>	<u>Estimated FY89</u>
<b>STATE REVENUE</b>				
Income Tax	43.054033	48.337000	52.022000	57.498000
Corporation Tax	13.236255	10.374000	12.038000	13.383000
Coal Tax	4.210861	10.452000	13.215000	12.002000
Interest & Income	37.301053	34.960000	32.710000	33.316000
US Oil & Gas Royalties	12.629639	16.036000	16.138000	17.620000
Education Trust Interest	7.759479	7.610000	6.300000	6.353000
County Levy Surplus	18.344046			
<b>TOTAL STATE</b>	<b>136.535366</b>	<b>127.769000</b>	<b>132.423000</b>	<b>140.172000</b>
<b>% CHANGE</b>	<b>-19.44%</b>	<b>-6.42%</b>	<b>3.64%</b>	<b>5.85%</b>
<b>COUNTY REVENUE</b>				
45 Mills	88.311954	101.988000	89.874000	91.110000
Elementary Transportation	-3.626615	-3.627000	-3.627000	-3.627000
Cash Reappropriated	3.018776	3.906000	1.125000	0.492000
Forest Funds	1.119352	1.119000	1.119000	1.119000
Taylor Grazing	0.117681	0.118000	0.118000	0.118000
Miscellaneous	6.045683	6.624000	6.624000	6.624000
High School Tuition	-0.760577	-0.761000	-0.761000	-0.761000
<b>TOTAL COUNTY</b>	<b>94.226254</b>	<b>109.367000</b>	<b>94.472000</b>	<b>95.075000</b>
<b>% CHANGE</b>	<b>1.63%</b>	<b>16.07%</b>	<b>-13.62%</b>	<b>0.64%</b>
<b>DISTRICT REVENUE</b>				
Permissive Levy	17.674084	16.901000	14.893000	15.098000
Light Vehicle Replacement	1.395710	1.273000	1.170000	1.214000
<b>TOTAL DISTRICT</b>	<b>19.069794</b>	<b>18.174000</b>	<b>16.063000</b>	<b>16.312000</b>
<b>% CHANGE</b>	<b>3.95%</b>	<b>-4.70%</b>	<b>-11.61%</b>	<b>1.55%</b>
<b>TOTAL STATE, COUNTY, DISTRICT</b>	<b>\$249.831414</b>	<b>\$255.310000</b>	<b>\$242.958000</b>	<b>\$251.559000</b>
<b>% CHANGE</b>	<b>-10.94%</b>	<b>2.19%</b>	<b>-4.84%</b>	<b>3.54%</b>

# REVENUE ESTIMATING ADVISORY COUNCIL

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## Revenue Estimate Assumptions

Oil	CY 85	CY 86	CY 87	CY 88	CY 89
Production (Millions)	29.352	27.045	26.136	25.437	24.748
Price	\$25.214	\$13.734	\$14.117	\$16.000	\$18.000
Natural Gas	CY 85	CY 86	CY 87	CY 88	CY 89
Production (Millions)					
MCF's	44.330	44.016	45.114	47.808	46.160
Gallons	4.340	4.309	4.417	4.680	4.519
Price					
MCF's	\$2.329	\$1.972	\$1.972	\$2.254	\$2.451
Gallons	\$ .339	\$ .287	\$ .287	\$ .328	\$ .356
Coal	CY 85	CY 86	CY 87	CY 88	CY 89
Production (Millions)	31.213	30.682	30.000	31.000	30.316
Price	\$9.592	\$9.171	\$8.985	\$9.019	\$9.126
Metal	CY84/FY85	CY85/FY86	CY86/FY87	CY87/FY88	CY88/FY89
Production					
Copper (Million lbs)	35.936	43.823	61.526	90.423	100.244
Gold (Million ozs)	.168	.158	.160	.210	.275
Silver (Million ozs)	5.091	5.215	4.823	6.101	7.000
Lead (Million lbs)	.402	.136	.126	4.624	10.125
Zinc (Million lbs)				22.000	52.000
Molybdenum (Million lbs)			3.027	7.200	7.500
Palladium (Million ozs)				.038	.075
Platinum (Million ozs)				.013	.025
Price					
Copper	\$ .616	\$ .556	\$ .560	\$ .560	\$ .560
Gold	\$359.591	\$317.346	\$342.390	\$420.000	\$420.000
Silver	\$ 7.385	\$ 5.290	\$ 5.120	\$ 5.700	\$ 5.700
Lead	\$ .255	\$ .189	\$ .188	\$ .190	\$ .190
Zinc				\$ .300	\$ .300
Molybdenum			\$ 2.500	\$ 2.500	\$ 2.500
Palladium				\$125.000	\$125.000
Platinum				\$550.000	\$550.000
Wood Products	FY 85	FY 86	FY 87	FY 88	FY 89
Forest Receipts (Millions)	\$7.844	\$5.922	\$5.054	\$5.012	\$5.012
Population (July 1 Thousands)	CY 84	CY 85	CY 86	CY 87	CY 88
All Ages	823	826	829	832	835
Age 16 and greater	613	615	617	619	621
Age 18 to 24	92	96	98	100	103
Inflation (% Change)	CY 85	CY 86	CY 87	CY 88	CY 89
CPI	3.54	1.92	2.80	3.80	6.10
GNP	3.15	2.78	3.32	4.22	5.35
PCE	3.33	2.15	3.77	4.73	5.88
Interest Rates (%)	FY 85	FY 86	FY 87	FY 88	FY 89
Short-Term	9.80	6.46	5.85	6.39	7.11
Long-Term	12.10	9.78	8.00	8.40	8.81
TCA Average Balance (Millions)	FY 85	FY 86	FY 87	FY 88	FY 89
TRANS Issue (Millions)	\$260.501*	\$205.765*	\$194.800	\$194.800	\$194.800
*Includes TRANS Issue	\$ 38.000	\$ 46.000	\$ 83.200	\$ 68.000	\$ 68.000
Bond Calls (Millions)					
Permanent Trust		\$ 5.464	\$ 6.600	0	0
Education Trust		\$ 1.983	\$ 2.000	0	0
Common School Trust		\$ 3.353	\$ 2.900	0	0

## Revenue Estimate Assumptions

Personal Income	CY 85	CY 86	CY 87	CY 88	CY 89
MT Total Personal Income (Billions)	\$9.067	\$9.550	\$10.000	\$10.500	\$11.000
Corporation Tax	CY84/FY85	CY85/FY86	CY86/FY87	CY87/FY88	CY88/FY89
MT Corporate Taxable Income (Millions)	\$698.183	\$614.227	\$565.508	\$637.626	\$705.493
Department of Revenue					
Audits (Millions)	\$ 16.639	\$ 10.312	\$ 7.000	\$ 6.000	\$ 6.000
Colstrip IV Sale (Millions)	-	\$ 7.600	-	-	-
Liquor	FY 85	FY 86	FY 87	FY 88	FY 89
Liquor Unit Sales (Millions)	6.317	5.988	5.689	5.404	5.134
Wine Unit Sales (Millions)	.334	.299	.269	.242	.218
Liquor Cost Per Unit	\$4.197	\$4.398	\$4.442	\$4.487	\$4.531
Wine Cost Per Unit	\$2.819	\$2.883	\$2.948	\$2.977	\$3.007
Liquor Division Budget Growth (%)	-1.79	-1.31	.33	2.46	-.76
Cigarette	FY 85	FY 86	FY 87	FY 88	FY 89
Packs (Millions)	85.690	80.897	76.319	72.000	67.924
Property Tax Base (Millions)	FY 85	FY 86	FY 87	FY 88	FY 89
Net/Gross Proceeds	\$ 730.330	\$ 768.271	\$ 704.589	\$ 406.797	\$ 404.319
All Other Valuation	\$1600.553	\$1601.862	\$1561.813	\$1590.396	\$1620.342
Total Valuation	\$2330.883	\$2370.133	\$2266.402	\$1997.193	\$2024.661
Institutions Reimbursement	FY 85	FY 86	FY 87	FY 88	FY 89
Revenue Growth Rate (%)	40.47	9.85	-.37	4.04	.99
Insurance Premiums Tax	FY 85	FY 86	FY 87	FY 88	FY 89
Gross Revenue Growth (%)	6.56	12.41	6.66	5.49	5.49
Police & Fireman Retirement (Millions)	\$4.312	\$5.009	\$5.361	\$5.671	\$6.005
Telephone Tax	FY 85	FY 86	FY 87	FY 88	FY 89
Taxable Income Growth (%)	16.25	10.65	3.21	1.55	1.75
Electrical Energy Tax	FY 85	FY 86	FY 87	FY 88	FY 89
KWH Produced (Millions)	3522.915	14538.496	14968.826	15265.792	15188.959
Inheritance Tax	FY 85	FY 86	FY 87	FY 88	FY 89
Revenue Growth Rate	(%)28.46	9.25	1.38	-14.96	3.31
Other Revenue	FY 85	FY 86	FY 87	FY 88	FY 89
Drivers' License Fee					
Revenue Growth Rate (%)	-.59	48.47	1.71	-.64	1.27
Beer Tax					
Barrels (Thousands)	771	727	684	642	599
Freight Line Tax					
Revenue Growth Rate (%)	3.40	-13.36	11.88	.17	1.94
Wine Tax					
Liters (Millions)	5.660	5.899	6.148	6.407	6.677
Other Revenue Growth (%)	1.62	4.15	28.94	-23.97	3.39
(Excludes vehicle and poker fees and public contractors' gross receipts)					
Foundation Program Revenues	FY85	FY86	FY87	FY88	FY89
Interest & Income					
Revenue Growth Rate (%)	67.78	-39.89	-6.28	-6.43	1.85
Mineral Leasing					
Oil, Coal, Natural Gas production at CY 85 levels.					
Prices as forecast for severance taxes					

## Miscellaneous Assumptions:

All public institutions remain certified.

All REAC estimates are based on current state and federal laws.

Westmoreland Resources will continue to protest a portion of their coal severance taxes on behalf of the Crow Indian tribe.

## ECONOMIC OVERVIEW

The Governor's budget for the 1988-89 biennium is significantly dependent upon the current and future economic climate of the state, nation and world economies. These conditions not only affect tax receipts; they dictate the costs of goods and services purchased by state government. Clearly, an economic analysis is necessary to formulate a biennial budget.

Economic variables play a crucial role when developing revenue forecasting models. However, recent state legislation has placed greater emphasis on Montana personal income as a means to limit the growth in state government disbursements. Today levels of disbursements and receipts are significantly influenced by Montana personal income growth patterns.

The key economic variables that affect state government receipts and disbursements are Montana personal income, Montana employment levels, inflation rates, energy prices and interest rates. There are many more variables that influence receipt and disbursement patterns but this list covers the major variables.

In the past, Montana's economy appeared to lag, yet parallel, the national economy. However, for the past decade, Montana's economic upturns and downturns have been more pronounced than the national average. This is due in part to Montana's scarcity of heavy industry and its reliance on the energy sector: oil, coal and natural gas exploration and production.

The 49th Legislature established an appropriation for the Office of Budget and Program Planning to contract with an economic reporting and forecasting firm. Wharton Econometrics was selected for this purpose. In addition, Wharton Econometrics provides short and long-term econometric forecasts to the OBPP and LFA. These forecasts were used by the Revenue Estimating Advisory Council and were incorporated into the Governor's budget whenever appropriate.

### Personal Income

Montana personal income is defined as labor income, transfer payments, dividends, interest and rents, less personal contributions for social security.

This particular variable is especially critical in the budget process because of its direct effect on state government tax receipts and disbursements. Total personal income not only limits the growth in government disbursements, it also measures the ability of Montana to purchase food, clothing, automobiles and other items. Personal income tax, corporate income tax and many other taxes such as liquor and insurance are affected by the movement in personal income.

From 1970 to 1985, total personal income has increased 269% in Montana versus 301% nationally. The state's per capita income for 1985 was \$10,974 compared with the national figure of \$13,867.

The following tables summarize personal income statistics for Montana and the United States.

**TABLE 1**  
**TOTAL PERSONAL INCOME**  
**(MILLIONS)**

MONTANA			UNITED STATES	
<u>CY</u>	<u>AMOUNT</u>	<u>% CHANGE</u>	<u>AMOUNT</u>	<u>% CHANGE</u>
1970	2,455.1		825,528	
1971	2,607.8	6.22	888,453	7.62
1972	3,041.8	16.64	976,071	9.86
1973	3,577.7	17.62	1,095,076	12.19
1974	3,859.4	7.87	1,204,070	9.95
1975	4,214.0	9.19	1,307,539	8.59
1976	4,534.3	7.60	1,446,099	10.60
1977	4,939.0	8.93	1,601,844	10.77
1978	5,844.1	18.33	1,806,207	12.76
1979	6,400.8	9.52	2,026,684	12.21
1980	6,992.8	9.25	2,252,021	11.12
1981	7,803.9	11.60	2,512,327	11.56
1982	8,110.4	3.93	2,660,940	5.92
1983	8,487.6	4.65	2,833,184	6.47
1984	8,921.3	5.11	3,101,402	9.47
1985	9,066.9	1.63	3,310,545	6.74
-----PROJECTED-----				
1986	9,549.5	5.32	3,384,000	2.22
1987	10,000.0	4.72	3,637,000	7.48
1988	10,499.8	5.00	3,909,000	7.48
1989	10,999.9	4.76	4,238,000	8.42

SOURCE:

HISTORICAL - BUREAU OF ECONOMIC ANALYSIS  
PROJECTED - REVENUE ESTIMATING ADVISORY COUNCIL  
WHARTON ECONOMETRICS

**TABLE 2**  
**PER CAPITA PERSONAL INCOME**

MONTANA			UNITED STATES	
<u>CY</u>	<u>AMOUNT</u>	<u>% CHANGE</u>	<u>AMOUNT</u>	<u>% CHANGE</u>
1970	3,521		4,051	
1971	3,668	4.18	4,296	6.05
1972	4,230	15.32	4,664	8.57
1973	4,919	16.29	5,181	11.08
1974	5,235	6.42	5,644	8.94
1975	5,625	7.45	6,069	7.53
1976	5,978	6.28	6,647	9.52
1977	6,403	7.11	7,289	9.66
1978	7,454	16.41	8,133	11.58
1979	8,111	8.81	9,025	10.97
1980	8,865	9.30	9,910	9.81
1981	9,807	10.63	10,940	10.39
1982	10,077	2.75	11,470	4.84
1983	10,407	3.27	12,093	5.43
1984	10,838	4.14	13,114	8.44
1985	10,974	1.26	13,867	5.74
Average Annual Growth Rate				8.55

SOURCE:

HISTORICAL - BUREAU OF ECONOMIC ANALYSIS

#### Employment

Total state employment measures the ability of the state's economic base to provide jobs for its residents.

When forecasting state revenues, nonfarm wage and salary employment is used as a proxy for employment levels. Even

though this statistic does not include all employment, it does provide a more consistent indicator of the labor market.

Employment levels in the state affect total personal income and are also indicative of the state's business activity. The relationship between personal income, consumer spending



and, ultimately, corporate profits explains why personal income, corporate income and sumptuary taxes are affected by changes in this variable.

From 1970 to 1985, nonfarm wage and salary employment grew by more than 39% or 79,300 jobs. Almost all of this increase was in the wholesale/retail trade and service sectors. Traditionally, these jobs have been at the lower end of the pay scale.

**TABLE 3**  
**MONTANA EMPLOYMENT**

<u>CY</u>	<u>NONFARM WAGE &amp; SALARY EMPLOYMENT</u>	<u>% CHANGE</u>
1970	199,100	
1971	204,900	2.91
1972	215,300	5.08
1973	224,200	4.13
1974	233,900	4.33
1975	238,200	1.84
1976	251,100	5.42
1977	264,800	5.46
1978	280,400	5.89
1979	283,800	1.21
1980	280,400	-1.20
1981	281,800	.50
1982	273,700	-2.87
1983	276,000	.84
1984	281,100	1.85
1985	278,400	-0.96
-----PROJECTED-----		
1986	276,200	-0.79
1987	278,100	.69
1988	280,100	.72
1989	281,000	.32

SOURCE:

HISTORICAL - MONTANA DEPARTMENT  
OF LABOR & INDUSTRY  
PROJECTED - OFFICE OF BUDGET & PROGRAM  
PLANNING

### Inflation

Inflation indices measure the rate of price escalation and/or decrease for goods and services. The most commonly used statistic is the consumer price index which is based on prices of food, clothing, shelter, fuel, drugs, transportation fares, doctors' and dentists' fees and other items.

During high inflationary periods, consumption of goods and services may decline. This not only may decrease employment levels but may discourage business activity because of prohibitive operating costs. Low inflation may result in higher consumption, increased employment and greater business opportunities.

In a majority of cases, inflation rates have some impact on each revenue component. The sources that are especially affected include personal income tax, public institution reimbursements and severance taxes.

The Revenue Estimating Advisory Council forecasts a moderate rate of inflation during the 1988-89 biennium of approximately 3 to 4%. This outlook anticipates: 1) wage negotiations will be sensitive to the need for reasonable compensation because of the lack of price competitiveness; 2) no sudden or steep increases in energy prices, and 3) the Federal Reserve Board will continue its inflation-fighting posture.

Table 4 lists two measures of inflation rates as published by Wharton Econometrics. These national averages are provided because indices for Montana are not available.

**TABLE 4**  
**MEASURES OF INFLATION**

<u>CY</u>	<u>US CPI</u> <u>1967=100</u>	<u>% CHANGE</u>	<u>US GNP</u> <u>DEFLATOR</u> <u>1982=100</u>	<u>% CHANGE</u>
1970	116.3		42.0	
1971	121.3	4.30	44.4	5.71
1972	125.3	3.30	46.5	4.73
1973	133.1	6.23	49.5	6.45
1974	147.7	10.97	54.0	9.09
1975	161.2	9.14	59.3	9.81
1976	170.5	5.77	63.1	6.41
1977	181.5	6.45	67.3	6.66
1978	195.4	7.66	72.2	7.28
1979	217.4	11.26	78.6	8.86
1980	246.8	13.52	85.7	9.03
1981	272.4	10.37	94.0	9.68
1982	289.1	6.13	100.0	6.38
1983	298.3	3.18	103.8	3.80
1984	311.1	4.29	108.1	4.14
1985	322.1	3.54	111.5	3.14
<hr style="border-top: 1px dashed black;"/>				
		PROJECTED		
1986	328.3	1.92	114.6	2.78
1987	337.5	2.80	118.4	3.32
1988	350.3	3.80	123.4	4.22
1989	371.7	6.10	130.0	5.35

## SOURCE:

HISTORICAL - WHARTON ECONOMETRICS

PROJECTED - REVENUE ESTIMATING ADVISORY COUNCIL

WHARTON ECONOMETRICS

Energy Prices

Montana, as the fourth-largest state in the nation, has a vast potential for oil, coal and natural gas exploration and extraction. Because of this potential and our current level of natural resource taxation, energy prices play a critical role in the budgetary process. Oil, coal and natural gas severance taxes are directly affected by energy prices.

Oil

Since January 1986, oil prices have declined by more than 50%. The Revenue Estimating Advisory Council does not anticipate further price declines because worldwide demand is rising, the peak heating season is now starting and OPEC members have agreed on production cuts.

Natural Gas

Under the Natural Gas Policy Act of 1978, all new gas was deregulated on January 1, 1985. Many industry analysts expect prices to remain stable or to

decrease moderately even with deregulation. Primary reasons for this scenario include more competition, contract renegotiations, lower import prices, primarily from Canada, and the competitive prices of other fuels.

Coal

The coal industry in the United States and Montana is heavily dependent upon the demand for electrical power. Slow economic growth on both the state and national levels plus energy conservation have all contributed to electrical usage remaining below expectations.

With lower demand and the competitive prices of other fuels, coal prices have remained soft. These conditions in conjunction with royalty deductions approved by the 48th Legislature, should cause coal prices to remain stable.

Table 5 reflects historical and projected energy prices for oil, coal and natural gas.

**TABLE 5**  
**ENERGY PRICES**

CY	COAL CONTRACT SALES PRICE	% CHANGE	OIL WELL-HEAD PRICE	% CHANGE	NATURAL GAS PRICE	% CHANGE
	\$/TON		\$/BARREL		\$/MCF	
1970					.082	
1971					.084	2.44
1972					.102	21.43
1973			3.843		.162	58.82
1974			6.814	77.31	.257	58.64
1975	4.224		7.845	15.13	.394	53.31
1976	4.415	4.52	8.411	7.21	.441	11.93
1977	4.344	- 1.61	8.582	2.03	.735	66.67
1978	5.154	18.65	9.253	7.82	.837	13.88
1979	6.951	34.87	12.279	32.70	1.202	43.61
1980	7.724	11.12	22.250	81.20	1.436	19.47
1981	8.686	12.45	34.317	54.23	1.900	32.31
1982	9.758	12.34	31.311	- 8.76	2.103	10.68
1983	10.332	5.88	28.804	- 8.01	2.403	14.27
1984	9.846	- 4.70	28.066	- 2.56	2.512	4.54
1985	9.592	- 2.58	25.214	-10.16	2.329	- 7.29
----- PROJECTED -----						
1986	9.171	- 4.39	13.734	-45.53	1.972	-15.33
1987	8.985	- 2.03	14.117	2.79	1.972	0.00
1988	9.019	.38	16.000	13.34	2.254	14.30
1989	9.126	1.19	18.000	12.50	2.451	8.74

## SOURCE:

HISTORICAL - MONTANA DEPARTMENT OF REVENUE

PROJECTED - REVENUE ESTIMATING ADVISORY COUNCIL

Interest Rates

Interest rates are highly susceptible to federal policies and the actions of the Federal Reserve Board (FED). Factors that are critical to the future direction of interest rates include the following:

- o the Federal Reserve's philosophy on monetary policy;
- o the anti-inflation posture of the federal government;
- o possible resolutions to the federal deficit;
- o a change in the value of the dollar.

The Revenue Estimating Advisory Council expects interest rates to drift downward until mid-1987 and then increase slightly in 1988 and 1989. This is based on a less restrictive

monetary policy by the Federal Reserve, continuation of the conflict between private credit demands and the federal government's financing needs and the expectation of higher inflation rates.

Interest rates directly affect Montana's investment earnings from both short and long-term securities. In addition these rates impact other tax sources by influencing economic variables such as construction activity, consumer spending and business borrowing.

Table 6 reflects historical and projected interest rates as provided by Wharton Econometrics. Also presented in the table is an approximation of the interest rates the state has earned on short-term securities.

**TABLE 6**  
**INTEREST RATES**

<u>CY</u>	<u>SHORT-TERM RATE</u>	<u>% CHANGE</u>	<u>PRIME RATE</u>	<u>% CHANGE</u>	<u>LONG-TERM RATE</u>	<u>% CHANGE</u>
1974	8.69		10.81	34.62	8.48	9.42
1975	6.14	-29.34	7.86	-27.29	8.77	3.42
1976	5.26	-14.33	6.84	-12.98	8.26	- 5.82
1977	5.48	4.18	6.83	- .15	7.88	- 4.60
1978	7.63	39.23	9.06	32.65	8.73	10.79
1979	10.46	37.09	12.67	39.85	9.78	12.03
1980	11.90	13.77	15.27	20.52	12.09	23.62
1981	14.26	19.83	18.87	23.58	14.52	20.10
1982	11.30	-20.76	14.86	-21.25	13.95	- 3.93
1983	8.72	-22.83	10.79	-27.39	11.93	-14.48
1984	9.67	10.89	12.04	11.58	12.99	8.88
1985	7.76	-19.75	9.93	-17.52	11.21	-13.70
<b>----- PROJECTED -----</b>						
1986	6.14	-20.88	7.89	-20.54	7.93	-29.26
1987	6.03	- 1.79	7.61	- 3.55	8.07	- 1.76
1988	6.75	11.94	8.71	14.45	8.72	8.05
1989	7.46	10.52	9.21	5.74	8.89	1.95

**SOURCE:**

HISTORICAL - WHARTON ECONOMETRICS

PROJECTED - REVENUE ESTIMATING ADVISORY COUNCIL

WHARTON ECONOMETRICS

## GENERAL FUND REVENUES - BY COMPONENT

### Individual Income Tax

Individual or personal income tax is the largest single source of revenue to the general fund. The original tax law was enacted in 1933 and has been altered many times since then. Currently, 64% of the tax is deposited in the general fund, 25% in the public school equalization account and 11% in the long-range building debt service account.

The tax is levied against taxable income which is defined as Montana personal income adjusted for exemptions and deductions. Once tax liability is determined, the amount of tax due is computed by subtracting allowable credits.

The income tax forecasts for the 1988-89 biennium are based on a moderate growth in total personal income and employment. Although current economic growth is slow, the recovery is expected to continue at a modest pace.

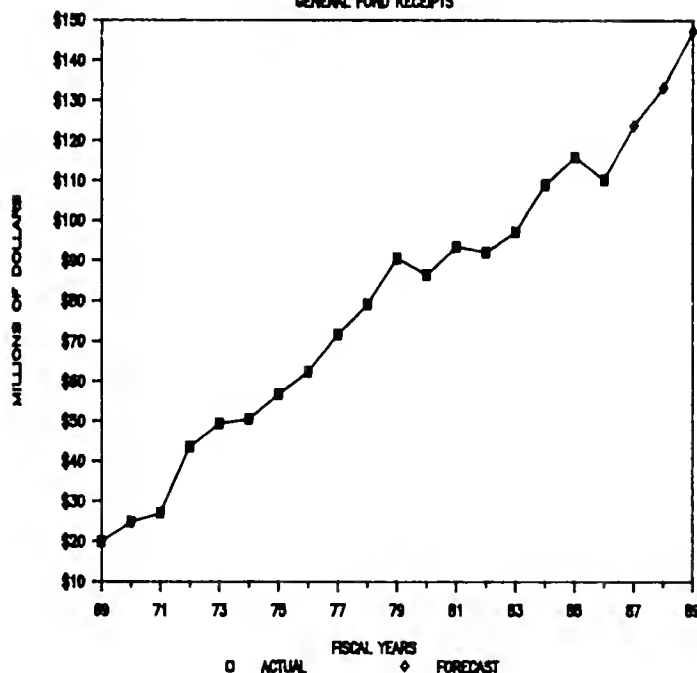
Since FY80, income tax collections have been reduced by a number of credits, exemption allowances and indexation. Projections for fiscal years 1987 through 1989 are based on an inflation rate of approximately 3 to 4% and the continuation of all statutory credits.

The additional revenue that will be generated by federal income tax reform has been included in the forecasts. It is estimated this will increase revenues by approximately \$2.5 million in FY87, \$13 million in FY88 and \$22.9 million in FY89.

### GENERAL FUND INDIVIDUAL INCOME TAX COLLECTIONS

#### INDIVIDUAL INCOME TAX

GENERAL FUND RECEIPTS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	24.877342	
1971	27.070705	8.82%
1972	43.620321	61.13%
1973	49.321939	13.07%
1974	50.527303	2.44%
1975	56.703595	12.22%
1976	62.412990	10.07%
1977	71.591377	14.71%
1978	79.117312	10.51%
1979	90.509280	14.40%
1980	86.391870	- 4.55%
1981	93.463223	8.19%
1982	92.034568	- 1.53%
1983	97.152215	5.56%
1984	109.021660	12.22%
1985	115.876580	6.29%
1986	110.218323	- 4.88%
----- PROJECTED -----		
1987	123.742000	12.27%
1988	133.176000	7.62%
1989	147.194000	10.53%

### Corporation License Tax

The corporation license tax is levied against a corporation's net income earned in Montana. The current tax rate is 6.75%. The corporation income tax is imposed on corporations that, for reasons of jurisdiction, are not taxable under a license tax. These taxes apply to both domestic and foreign corporations, although there is an alternative rate for foreign corporations meeting specific requirements.

Corporation taxes are distributed like individual income tax: 64% to the general fund, 25% to the public school equalization account and 11% to the long-range building debt service account. Eighty percent of the taxes collected from financial institutions is distributed to local governments in the county in which the financial institution is located. The remaining 20% is allocated by the above percents.

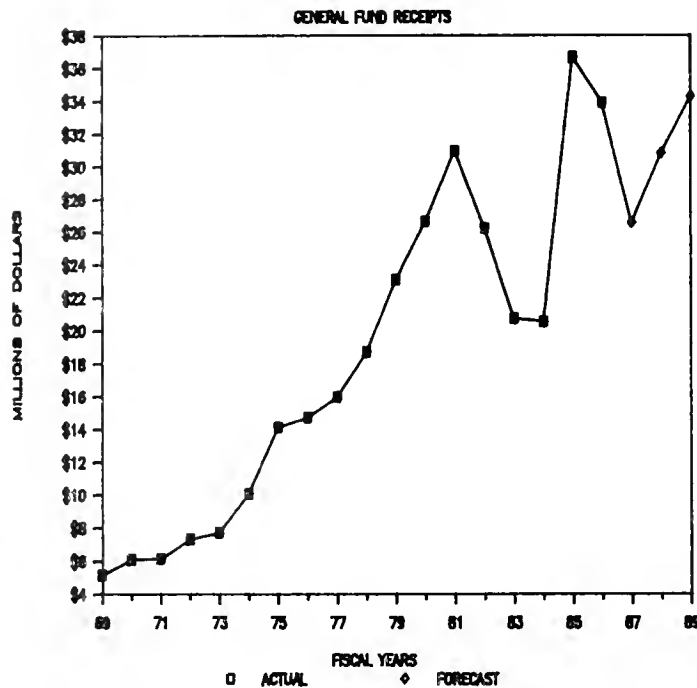
The forecasts for fiscal years 1987 through 1989 are based on a slow level of economic growth. This assumption is premised on inflation in the range of 3 to 4% and short-term interest rates of about 6 to 7%. Although moderate economic growth is expected to increase corporation taxes, the negative effects of lower oil prices reduces this anticipated level of growth.

Additional factors that affect receipts include tax credits and audit efforts by the Department of Revenue. As with individual income tax, all forecasts have been adjusted by allowable credits. The projections also include audit collections of \$7 million for FY87 and \$6 million for FY88 and FY89.

The additional revenue that will be generated by federal tax reform has been included in the forecasts. It is estimated this will increase revenues by approximately \$0.6 million in FY87, \$2.7 million in FY88 and \$3.5 million in FY89.

## GENERAL FUND CORPORATION LICENSE TAX COLLECTIONS

## CORPORATION LICENSE TAX



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	6.102954	
1971	6.147716	0.73%
1972	7.326719	19.18%
1973	7.716643	5.32%
1974	10.071143	30.51%
1975	14.130292	40.30%
1976	14.732872	4.26%
1977	15.972633	8.41%
1978	18.712814	17.16%
1979	23.098659	23.44%
1980	26.658417	15.41%
1981	30.962755	16.15%
1982	26.234449	-15.27%
1983	20.733658	-20.97%
1984	20.547177	- 0.90%
1985	36.657611	78.41%
1986	33.884815	- 7.56%
----- PROJECTED -----		
1987	26.558000	-21.62%
1988	30.816000	16.04%
1989	34.262000	11.18%

## Coal Severance Tax

The coal severance tax is imposed on all coal production in excess of 20,000 tons per company per calendar year. However, producers of 50,000 tons or less in any calendar year are exempt from the tax. The current tax rate is 30% of value for coal with a heating quality of 7,000 or more

BTU's per pound. Coal with a lower BTU rate is taxed at 20%.

The distribution of the tax has been modified several times since the enactment of the tax in 1975. The current and future statutory tax distributions are presented in the following tables.

## COAL TAX DISTRIBUTION TABLE

ACCT. ENTITY	ACCOUNT NAME	EFFECTIVE JULY 1, 1986	EFFECTIVE JULY 1, 1987
01100	General Fund	22.550%	16.330%
02403	Public School Equalization	13.200%	3.800%
02405	State Library	0.440%	.380%
02424	Highway Reconstruction Trust	7.760%	12.000%
02434	Conservation Districts	0.220%	.190%
02437	Alternative Energy Research	1.100%	1.710%
02444	County Land Planning	0.440%	.380%
02445	Local Impact	2.640%	6.650%
04008	Renewable Resources Bond	0.550%	.480%
04011	Water Development	0.550%	.480%
09001	Permanent Trust	50.000%	50.000%
09004	Park Acquisition Trust	0.550%	0.000%
09005	Education Trust	0.000%	7.600%
TOTALS		100.000%	100.000%

Coal severance tax revenues are dependent on the contract sales price per ton of coal and the number of tons produced. Since most of Montana's coal is sold to utilities under long-term contracts, prices are usually allowed to increase by inflation indices specified in the contracts. However, with lower demand and competitively priced other fuels, coal prices are expected to remain stable.

The other factor that offsets the price of coal is the deductibility of royalty payments from the contract sales price. The 48th Legislature approved a bill that phases in the royalty deduction over a period of 3 years. These deductions have been included in the price forecasts.

Production levels are driven by the demand for electrical power. Based on a survey of the major coal producers, production is anticipated to remain relatively stable at about 30 million tons throughout the forecast period.

In order to stimulate new production, the 1985 legislature enacted a  $\frac{1}{3}$  credit on increased production under new or revised contracts signed during a 2.5 year "window of opportunity." The new production resulting from this law and the credits claimed are included in the revenue estimates.

A dispute involving the state's authority to tax coal mined on Crow Indian land has prompted Westmoreland Resources to protest the taxes paid on this production on behalf of the Crow Indian tribe. Until a settlement is litigated, these taxes are being deposited in an escrow account. Tax forecasts for fiscal years 1987 through 1989 assume a settlement will not be reached until after FY89.

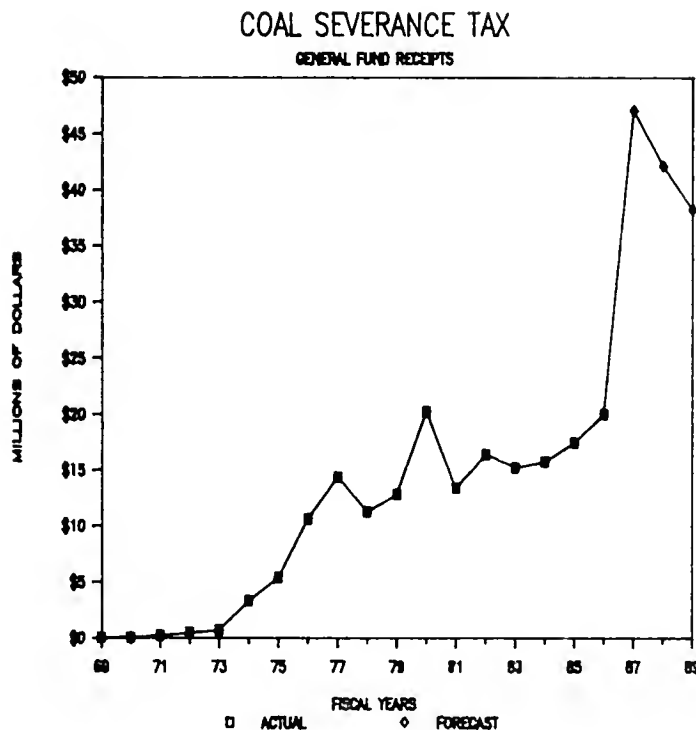
#### Policy Options

The Governor proposes that the coal severance tax rate be reduced in FY89 from 30% to 25% for existing production in order to keep Montana's coal competitive. The revenue estimate applies this reduced rate to the REAC coal production assumption.

The budget proposes in the June Special Session to divert the incoming revenue allocated to the education trust to the foundation program for FY88-89. The allocation to the Coal Board is reduced to 1.25% for the next biennium and the remaining allocation deposited in the foundation program.

In addition, the Budget proposes to direct 75% of the revenue flowing into the coal tax trust to the general fund for FY86-FY87.

### GENERAL FUND COAL SEVERANCE TAX COLLECTIONS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	0.050300	
1971	0.212056	321.58%
1972	0.483434	127.97%
1973	0.694213	43.60%
1974	3.315416	377.58%
1975	5.395415	62.74%
1976	10.586335	96.21%
1977	14.362422	35.67%
1978	11.241695	-21.73%
1979	12.806813	13.92%
1980	20.222579	57.90%
1981	13.378906	-33.84%
1982	16.375541	22.40%
1983	15.208581	- .13%
1984	15.736468	3.47%
1985	17.432283	10.78%
1986	20.001598	14.74%
----- PROJECTED -----		
1987	17.855000	-10.73%
1988	12.846000	-28.06%
1989	13.367000	4.06%
-----PROJECTED WITH POLICY OPTIONS-----		
1987	47.061000	135.29%
1988	42.093000	-10.56%
1989	38.210000	- 9.22%

#### Oil Severance Tax

An oil severance tax is imposed on the production of petroleum and other mineral or crude oil in the state. The tax was first enacted in 1921 and has since undergone several modifications. On April 1, 1983, the tax rate increased from 5 to 6%. However, on April 1, 1985, the tax rate reverted back to 5%.

Beginning in fiscal year 1984, one-third of the tax was deposited in the local government block grant account and two-thirds (less the county portion) in the general fund ac-

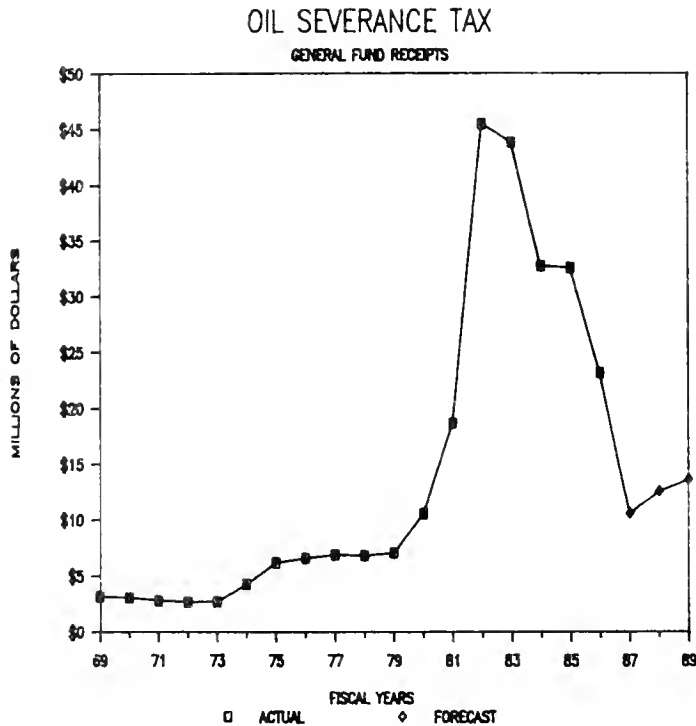
count. If production in any county increases over production in the previous year, taxes on the increased production are returned to the county.

Oil severance tax revenues are dependent on the price per barrel and the number of barrels produced. Since oil is a commodity that is used for many purposes, the prices depend upon federal regulations and world demand. Even in the wake of international price instability, it is assumed that prices will stabilize and drift upward by calendar year 1989. This is based on OPEC's recent agreement to cut daily production.

Production is expected to further decrease below calendar year 1985 levels. Slow economic recovery and world oil prices well below pre-1986 levels will not provide the

demand or the economic incentive to explore and produce more oil.

### GENERAL FUND OIL SEVERANCE TAX COLLECTIONS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	3.038492	
1971	2.766963	- 8.94%
1972	2.668316	- 3.57%
1973	2.692453	0.90%
1974	4.255716	58.06%
1975	6.179984	45.22%
1976	6.563569	6.21%
1977	6.884010	4.88%
1978	6.808100	- 1.10%
1979	7.056573	3.65%
1980	10.544555	49.43%
1981	18.654469	76.91%
1982	45.473425	143.77%
1983	43.787960	- 3.71%
1984	32.686014	-25.35%
1985	32.526656	-0.49%
1986	23.152504	-28.82%
----- PROJECTED -----		
1987	10.572000	-54.34%
1988	12.539000	18.61%
1989	13.584000	8.33%

#### Interest On Investments

The Department of Administration's Board of Investments is responsible for investing state funds. Sections 17-6-201 and 17-6-211, MCA, provide specific guidelines under which the funds must be invested. Unless specifically stated by statute, all interest earned on these investments is deposited in the general fund.

Since FY80 interest income has become a major source of general fund revenue. Higher interest rates and larger investable balances have caused this to occur. However, with rates and balances forecast to be lower, interest income is expected to contribute a smaller proportion of the total general fund.

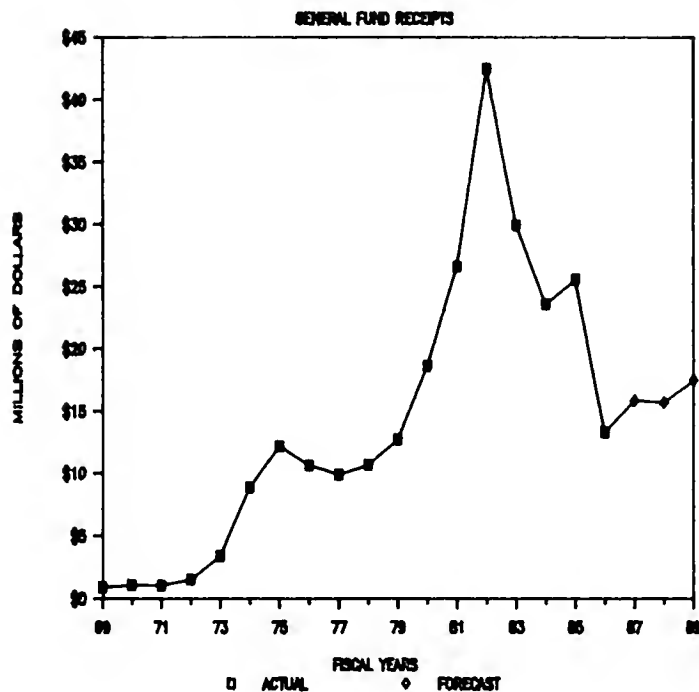
Interest on investments is projected to increase above FY86 levels. The sharp decline in 1986 was the result of lower interest rates and a bill passed by the 48th Legislature that authorized interest earned on the highway gas account to accrue to the highway account. The June Special Session amended this legislation to allow earnings from the highway account to accrue to the general fund.

Interest rates are forecast to drift downward until mid-1987 and then increase slightly in 1988 and 1989. This is based on a less restrictive monetary policy by the Federal Reserve and the expectation of higher inflation rates. Although real interest rates remain high by historic standards, real rates are expected to drift downward. These trends are consistent with the forecasts provided by Wharton Econometrics.



## GENERAL FUND INTEREST ON INVESTMENTS COLLECTIONS

## INTEREST ON INVESTMENTS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	1.064999	
1971	1.027335	- 3.54%
1972	1.507755	46.76%
1973	3.391643	124.95%
1974	8.884671	161.96%
1975	12.150937	36.76%
1976	10.607372	-12.70%
1977	9.891246	- 6.75%
1978	10.663504	7.81%
1979	12.714971	19.24%
1980	18.633664	46.55%
1981	26.566775	42.57%
1982	42.442544	59.76%
1983	29.918421	-29.51%
1984	23.527514	-21.36%
1985	25.527889	8.50%
1986	13.285291	-47.96%
----- PROJECTED -----		
1987	15.857000	19.36%
1988	15.707000	- 0.95%
1989	17.476000	11.27%

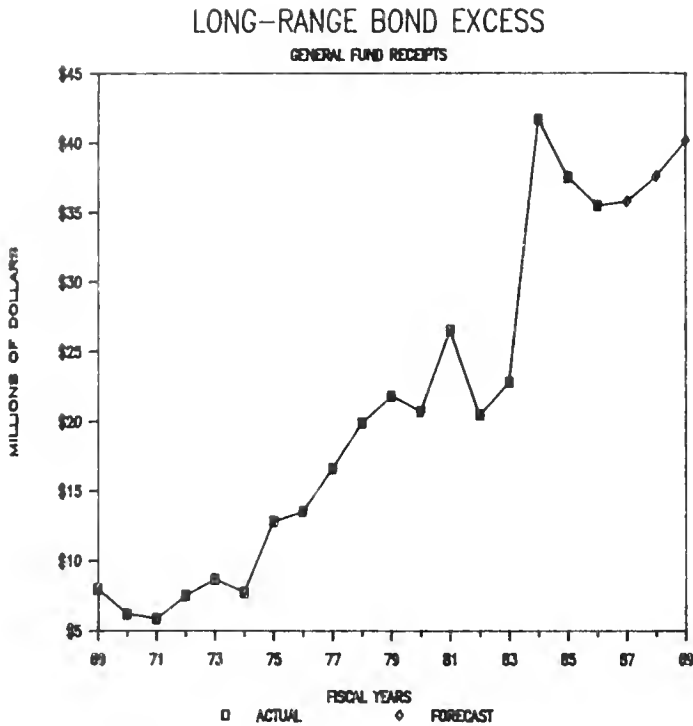
Long-Range Bond Excess

Each biennium all agencies are requested to submit proposals for capital projects to be funded from the sale of long-range building bonds. If the legislature authorizes the sale, the principal and interest charges are paid from the long-range building debt service account. Revenues deposited to this account include portions of the individual income tax, corporation license tax, cigarette tax and tobacco tax. When the amount of money in the debt service account exceeds the annual principal and interest payments, the excess is transferred to the general fund.

Historically, revenues from this source were estimated by adding anticipated receipts from the tax sources mentioned above and subtracting the necessary principal and interest payments. However, in FY84, the Department of Administration began transferring all debt service revenues to the general fund. A general fund appropriation was also established to transfer the necessary principal and interest payments back to the debt service account. These accounting transactions had zero impact on the general fund balance.

It is assumed that these procedures will continue through FY89 and that there will not be any additional long-range building bonds sold. Discussions of the tax forecasts are presented elsewhere in this document.

## GENERAL FUND LONG-RANGE BOND EXCESS COLLECTIONS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	6.200000	
1971	5.850000	- 5.65%
1972	7.540000	28.89%
1973	8.685000	15.19%
1974	7.717204	-11.14%
1975	12.787314	65.70%
1976	13.512425	5.67%
1977	16.589012	22.77%
1978	19.900000	19.96%
1979	21.800000	9.55%
1980	20.700000	- 5.05%
1981	26.500000	28.02%
1982	20.450000	-22.83%
1983	22.797971	11.48%
1984	41.682643	82.83%
1985	37.535668	- 9.95%
1986	35.487786	- 5.46%
----- PROJECTED -----		
1987	35.785000	0.84%
1988	37.602000	5.08%
1989	40.138000	6.74%

Coal Trust Fund Interest

Article IX, section 5, of the Montana Constitution requires the Department of Revenue to deposit 50% of the coal severance tax receipts to the permanent trust fund. The principal cannot be spent unless three-fourths of the members of each house votes for its appropriation. The interest earned on the fund is available for appropriation each biennium. Interest earned on the fund is deposited in a clearance account and reinvested until appropriated.

In 1982 voters approved Initiative 95 which required one-fourth of all future deposits to the permanent trust fund be invested in the Montana economy. This redistribution has caused investment income to grow at a slower rate. However, as this policy stimulates economic development, collections from personal and corporate income taxes will increase, offsetting a portion of the loss in investment income.

The 48th Legislature established the authority to issue and sell coal severance tax bonds for financing specific water

resource development projects. Debt service on these bonds is retired primarily with pledged project and coal severance tax revenues. This requirement will reduce permanent trust fund receipts by about \$336,000 and \$329,000 in fiscal years 1986 and 1987, respectively.

Total permanent trust interest income is projected to increase over the forecast period. Balances available for investment are expected to increase because of additional coal severance tax receipts being deposited to the permanent trust. Long-term interest rates as forecast by Wharton Econometrics are estimated to gradually increase by calendar year 1989.

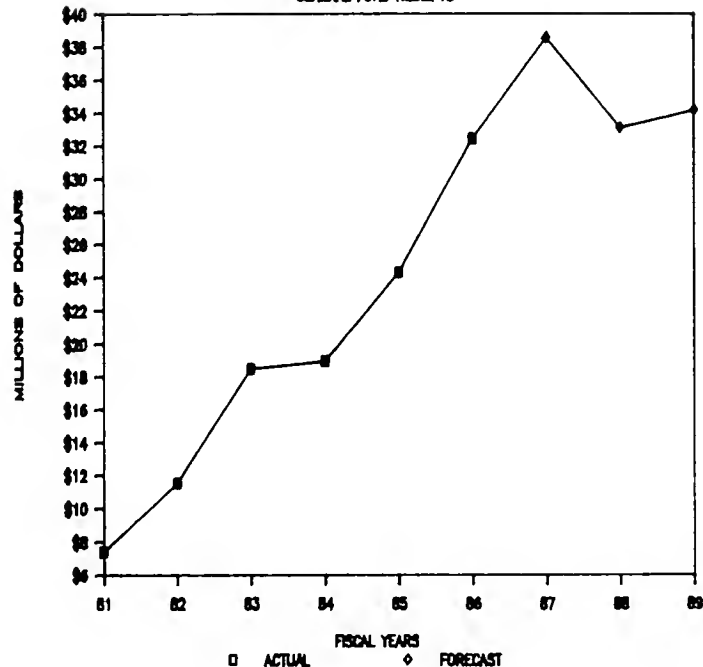
**Policy Options**

The budget proposes that 100% of the interest from the coal tax trust fund be deposited in the general fund. Since 1984, 85% of the interest has gone into the general fund, with 15% remaining in the trust fund. Our proposal returns to the original legislative policy, which allocated all interest to the general fund from 1976 to 1983.

## GENERAL FUND COAL TRUST FUND INTEREST COLLECTIONS

## COAL TRUST FUND INTEREST

GENERAL FUND RECEIPTS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970		
1971		
1972		
1973		
1974		
1975		
1976		
1977		
1978		
1979		
1980		
1981	7.421901	
1982	11.542421	55.52%
1983	18.466762	59.99%
1984	18.947636	2.60%
1985	24.299902	28.25%
1986	32.443208	33.51%
----- PROJECTED -----		
1987	33.612000	3.60%
1988	31.067000	- 7.57%
1989	34.307000	10.43%
----- PROJECTED WITH POLICY OPTIONS -----		
1987	38.552000	18.83%
1988	33.097000	-14.15%
1989	34.161000	3.21%

Insurance Premiums Tax

The insurance premiums tax is levied on the net premiums or gross underwriting profit for each insurance company operating in Montana. The tax was first enacted in 1897 and has been modified several times since then. The current tax rate is 2.75% of net premiums on policies sold in Montana. Receipts from the tax are distributed to the police and firemen pension funds with the remainder going to the general fund.

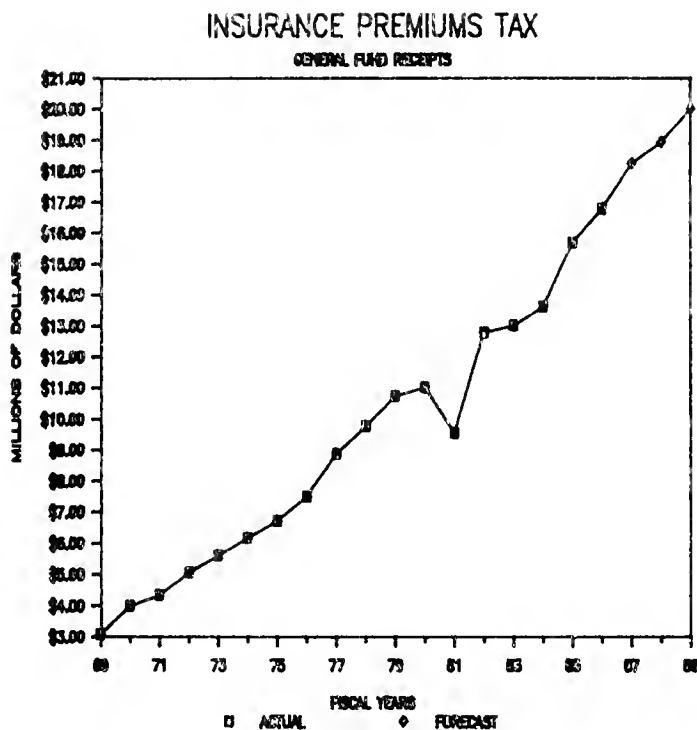
In addition to the premiums tax, there are additional insurance license and fee revenues collected by the State Auditor. These revenues are deposited in a state special revenue account for the operation of the insurance program. Any

excess left in the account at the end of each fiscal year is deposited to the general fund.

The level of insurance tax receipts is dependent on the affordability of insurance and the attitude of consumers toward insurance purchases. Based on a slow growth in total personal income and employment and an anticipated stability in insurance rates, taxes for fiscal years 1987 through 1989 are forecast to increase by about 5.5%. This rate is consistent with the growth observed from 1980 to 1983.

Senate bill 429 passed by the 48th Legislature increased the state's contribution to the police and firemen pension funds. These changes have been incorporated in the revenue estimates.

## GENERAL FUND INSURANCE PREMIUMS TAX COLLECTIONS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	4.003699	
1971	4.333425	8.24%
1972	5.065751	16.90%
1973	5.612473	10.79%
1974	6.166923	9.88%
1975	6.723217	9.02%
1976	7.496699	11.50%
1977	8.885923	18.53%
1978	9.787436	10.15%
1979	10.748226	9.82%
1980	11.031794	2.64%
1981	9.551061	-13.42%
1982	12.790003	33.91%
1983	13.011479	1.73%
1984	13.621332	4.69%
1985	15.691565	15.20%
1986	16.780399	6.94%
----- PROJECTED -----		
1987	18.248000	8.75%
1988	18.937000	3.78%
1989	20.002000	5.62%

Public Institution Reimbursements

The Department of Institutions receives reimbursements for the cost of sheltering and treating residents of the state institutions. There are four sources of reimbursement income:

- o state and federally matched Medicaid monies;
- o insurance proceeds from companies with whom the resident is insured;
- o payments by residents or persons legally responsible for them;
- o federal Medicare funds.

All revenue collected from these sources is deposited in the general fund. The one exception is the Veterans' Home receipts, which are returned to the institution.

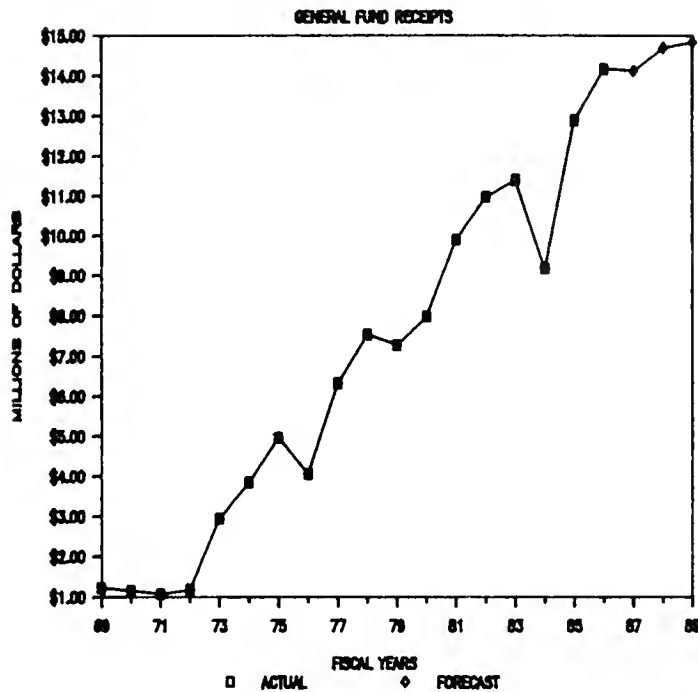
Most of the reimbursements come from state and federally matched Medicaid payments. For example, in FY85, approximately 88% of all reimbursements collected were Medicaid receipts. Forecasts for this component are based on the Medicaid Executive Budget recommendation for the Department of Social and Rehabilitation Services. This request assumes that the number of patient care days will remain constant at the 1987 level.

The other three components of reimbursement are expected to increase by the rate of inflation or roughly 3 to 4% per year.

The estimates for fiscal years 1987, 1988 and 1989 do not include Medicaid reimbursements from the Montana Youth Treatment Center at Billings. It is assumed the center will be sold in December 1986.

## GENERAL FUND PUBLIC INSTITUTION REIMBURSEMENTS COLLECTIONS

## PUBLIC INSTITUTION REIMBURSEMENTS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	1.146193	
1971	1.069182	- 6.72%
1972	1.184218	10.76%
1973	2.945826	148.76%
1974	3.838150	30.29%
1975	4.964138	29.34%
1976	4.054219	-18.33%
1977	6.324501	56.00%
1978	7.532377	19.10%
1979	7.264924	- 3.55%
1980	7.981975	9.87%
1981	9.899562	24.02%
1982	10.974196	10.86%
1983	11.406505	3.94%
1984	9.179921	-19.52%
1985	12.895427	40.47%
1986	14.166104	9.85%
----- PROJECTED -----		
1987	14.114000	- 0.37%
1988	14.684000	4.04%
1989	14.829000	0.99%

Liquor Profits and Excise Tax

The Department of Revenue is authorized to sell liquor and wines to the public and retail liquor establishments throughout the state. These sales result in profits which are deposited in the general fund.

Prices established by the department include a standard mark-up, a 16% excise tax and a 10% license tax. All of the excise tax is deposited in the general fund. The license tax is distributed to the Department of Institutions and cities, towns and counties for alcohol treatment and rehabilitation programs.

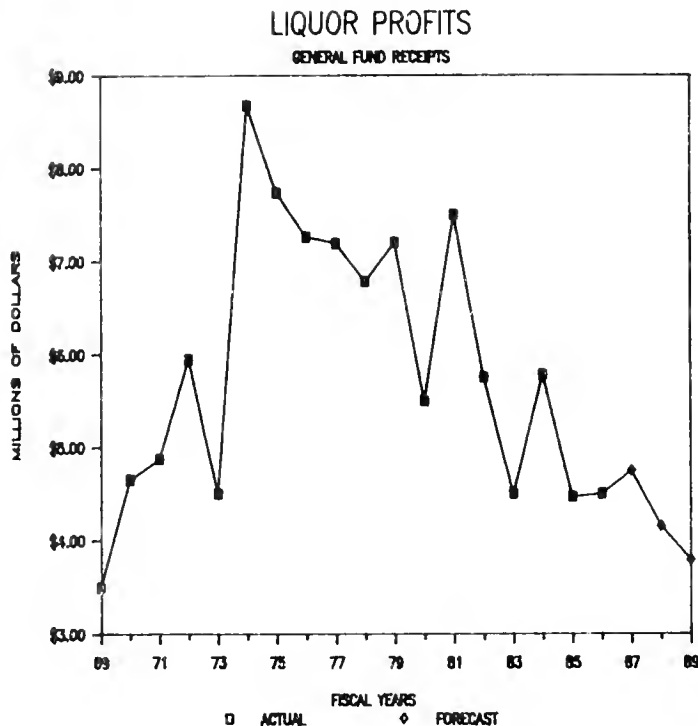
Liquor sales for fiscal year 1987 through 1989 are expected to decline from their FY86 level. Although total personal

income is growing, there appears to be a national trend toward moderation in liquor consumption.

The liquor division's operating expenses for the 1988-89 biennium are expected to increase slightly above the FY86 level. If modifications to the division's current level budget are approved, total profits will decrease accordingly.

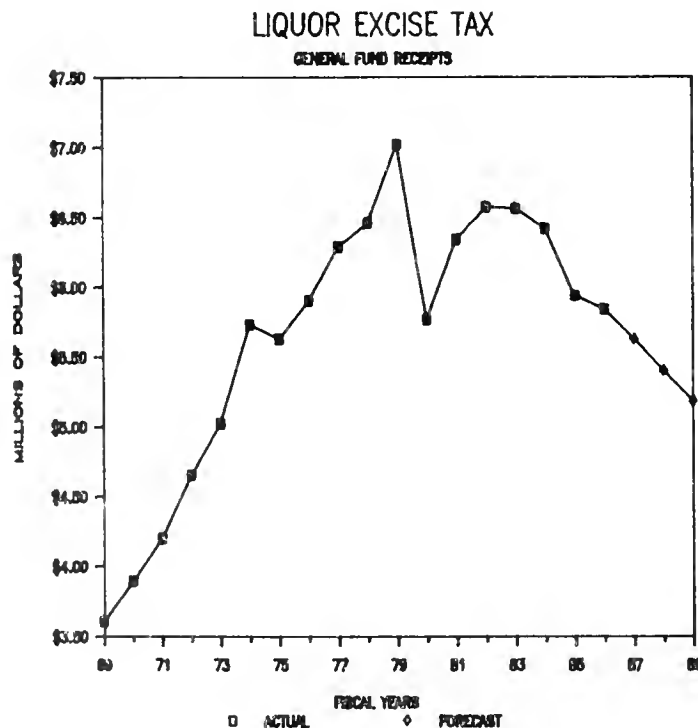
The deficit reduction package passed by Congress on October 1, 1985, increased the federal tax on alcohol by 19.05%. This change increased Montana's total liquor tax revenues which translated to larger profits and higher excise taxes. The forecasts for liquor profits and excise taxes are based on no further changes in the federal laws.

## GENERAL FUND LIQUOR PROFITS COLLECTIONS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	4.653815	
1971	4.878745	4.83%
1972	4.950000	21.96%
1973	4.500000	-24.37%
1974	8.675600	92.79%
1975	7.738305	-10.80%
1976	7.260551	- 6.17%
1977	7.189862	- 0.97%
1978	6.778951	- 5.72%
1979	7.200000	6.21%
1980	5.500887	-23.60%
1981	7.499113	36.33%
1982	5.750000	-23.32%
1983	4.500000	-21.74%
1984	5.782000	28.49%
1985	4.466000	-22.76%
1986	4.500000	0.76%
----- PROJECTED -----		
1987	4.749000	5.54%
1988	4.151000	-12.60%
1989	3.789000	- 8.73%

## GENERAL FUND LIQUOR EXCISE TAX COLLECTIONS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	3.892771	
1971	4.197793	7.84%
1972	4.652984	10.84%
1973	5.022561	7.94%
1974	5.730242	14.09%
1975	5.625391	- 1.83%
1976	5.900333	4.89%
1977	6.286748	6.55%
1978	6.459007	2.74%
1979	7.022237	8.72%
1980	5.764741	-17.91%
1981	6.340958	10.00%
1982	6.572066	3.64%
1983	6.559727	- 0.19%
1984	6.415784	- 2.19%
1985	5.935058	- 7.49%
1986	5.836884	- 1.65%
----- PROJECTED -----		
1987	5.625000	- 3.63%
1988	5.397000	- 4.05%
1989	5.179000	- 4.05%

Inheritance Tax

The inheritance tax is imposed on the transfer of any decedent's property, interest in property or income from property within the state to any other person or corporation except a surviving spouse, or governmental or charitable organization. The tax rate varies from 0 to 32% depending on the size of the estate and the relationship of the decedent

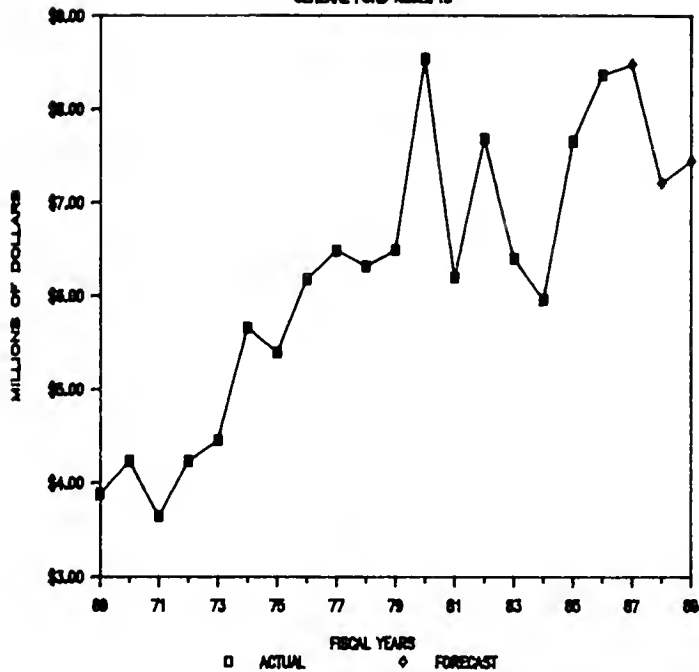
to the beneficiary. All revenue collected from the inheritance tax is deposited in the general fund.

Since 1980 revenues from inheritance taxes have fluctuated erratically because of legislative changes, accounting procedures and the processing of several large estates. The forecasts for fiscal years 1987 through 1989 are based on a 3.3% annual growth rate. However, in FY87 the Department of Revenue will settle a large estate valued at approximately \$1.5 million in taxes.

## GENERAL FUND INHERITANCE TAX COLLECTIONS

## INHERITANCE TAX

GENERAL FUND RECEIPTS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	4.233429	
1971	3.645252	-13.89%
1972	4.233991	16.15%
1973	4.457188	5.27%
1974	5.659992	26.99%
1975	5.395236	- 4.68%
1976	6.180106	14.55%
1977	6.483191	4.90%
1978	6.312432	- 2.63%
1979	6.490196	2.82%
1980	8.537242	31.54%
1981	6.195069	-27.43%
1982	7.680529	23.98%
1983	6.398489	-16.69%
1984	5.960471	- 6.85%
1985	7.656622	28.46%
1986	8.364764	9.25%
----- PROJECTED -----		
1987	8.480000	1.38%
1988	7.211000	-14.96%
1989	7.450000	3.31%

Metal Mines Tax

The metalliferous mines license tax is imposed on the production of metals, gems or stones in the state. The tax rate is applied to the gross value of the product, which is defined as the market value of the commodity multiplied by the quantity produced. No deductions are allowed for smelting, reductions or treatments.

For tax years beginning after December 31, 1984, the tax rate is as follows:

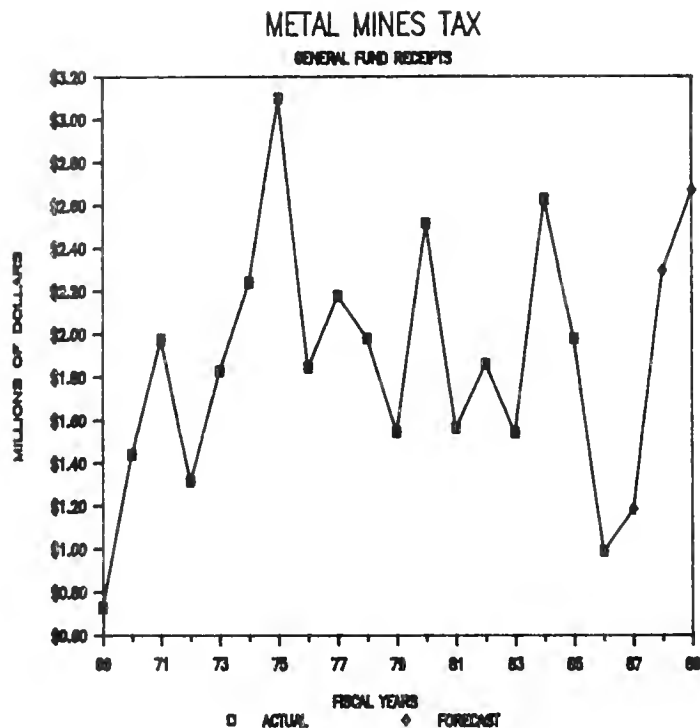
Gross Value	Rate
\$0-\$250,000	Exempt
\$250,000-\$500,000	.50%
\$500,000-\$1,000,000	1.00%
Greater Than \$1,000,000	1.50%

Historically, the metal mines tax has been deposited in the general fund. Beginning in FY86, one-third of the receipts were deposited in a hard-rock mining trust account.

Metal prices, metal production and the effective tax rate are the major factors that determine the level of metal mines tax receipts. Production for gold, silver and copper are expected to increase modestly throughout the forecast period before the inclusion of any new mines. Prices are assumed to remain relatively stable at calendar year 1986 levels.

Major companies that are currently operating in Montana include Golden Sunlight, ASARCO, Montana Resources, Landusky and Zortman. New companies that are anticipated to begin operating by the end of calendar year 1988 include Centennial, Homestake and the Stillwater Project.

## GENERAL FUND METAL MINES TAX COLLECTIONS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	1.440898	
1971	1.976202	37.15%
1972	1.313736	-33.52%
1973	1.828501	39.18%
1974	2.239654	22.49%
1975	3.099368	38.39%
1976	1.845076	-40.47%
1977	2.177777	18.03%
1978	1.978993	- 9.13%
1979	1.544518	-21.95%
1980	2.516820	62.95%
1981	1.564569	-37.84%
1982	1.861208	18.96%
1983	1.542061	-17.15%
1984	2.630135	70.56%
1985	1.977324	-24.82%
1986	0.989852	-49.94%
----- PROJECTED -----		
1987	1.185000	19.72%
1988	2.295000	93.63%
1989	2.671000	16.40%

Electrical Energy Tax

The electrical energy tax is imposed on each person or organization engaged in generating, manufacturing or producing electrical energy in Montana. The tax rate of \$.0002 per kilowatt-hour is levied against all electrical energy produced within the state. A deduction is allowed for "actual and necessary" energy used by the plant for the production of the energy. All receipts are deposited in the general fund.

Total Montana electricity production is projected to grow by approximately 2% from FY86 to fiscal years 1987 and 1988

and then remain level in FY89. This trend is consistent with information obtained from the major electricity producers in the state.

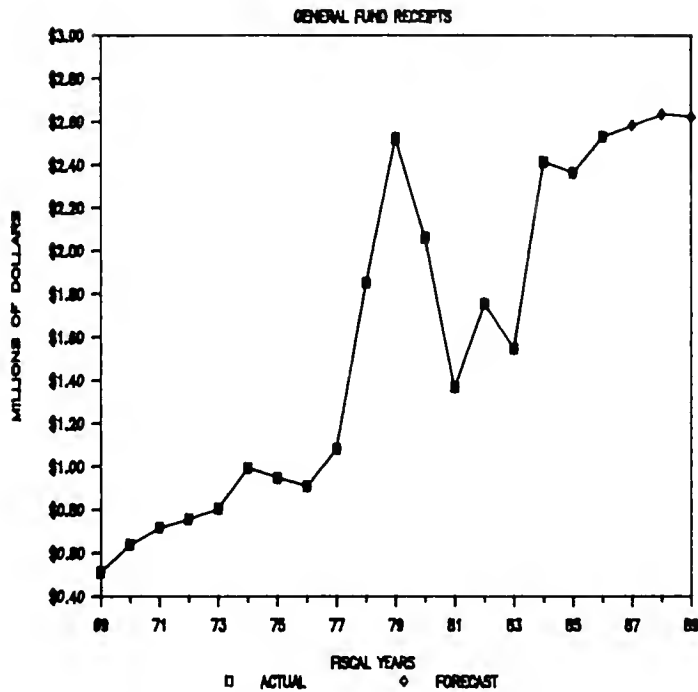
An adjustment to the forecasts has been made based on an April 1986 completion date for Colstrip Unit 4. Production capacity for both Colstrip Unit 3 and Colstrip Unit 4 was assumed to be 60% the first year and 70% thereafter.

An audit by the Department of Revenue in FY84 generated \$552,000 in additional revenue collections. This one-time adjustment has been accounted for in subsequent years.



# GENERAL FUND ELECTRICAL ENERGY TAX COLLECTIONS

## ELECTRICAL ENERGY TAX



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	0.639343	
1971	0.717378	12.21%
1972	0.756795	5.49%
1973	0.805716	6.46%
1974	0.992950	23.24%
1975	0.946504	- 4.68%
1976	0.907698	- 4.10%
1977	1.082858	19.30%
1978	1.850994	70.94%
1979	2.523707	36.34%
1980	2.060960	-18.34%
1981	1.367959	-33.63%
1982	1.753173	28.16%
1983	1.546157	-11.81%
1984	2.413172	56.08%
1985	2.361855	- 2.13%
1986	2.530403	7.14%
----- PROJECTED -----		
1987	2.584000	2.10%
1988	2.635000	1.98%
1989	2.621000	- 0.50%

### Drivers' License Fees

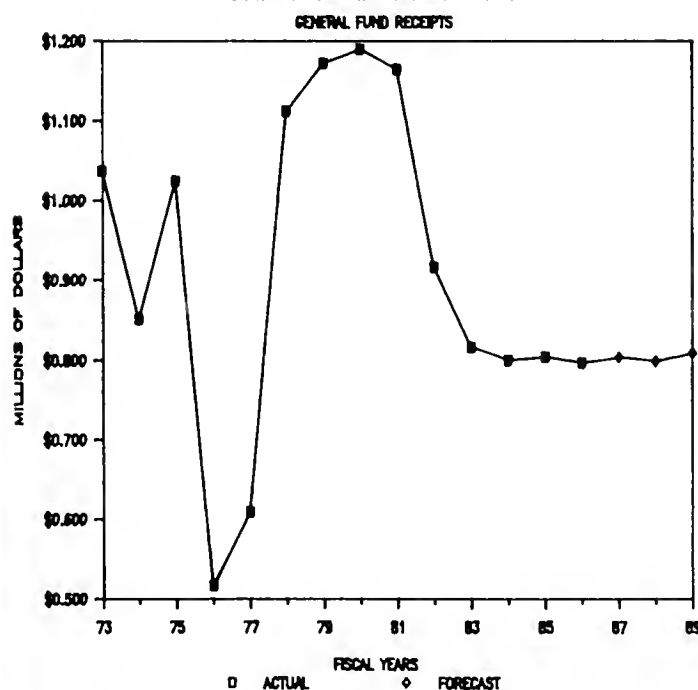
A resident of Montana must have a valid driver's license to operate a motor vehicle on any highway in the state. A driver's license is issued only if the applicant passes specified examinations and pays a \$12 fee. The fees are collected by motor vehicle division staff or county treasurers and are forwarded to the state treasurer for deposit. Forty percent of the fees collected go to the general fund, 23 1/3% to the traffic safety and education account, 33 1/3% to the highway

patrol retirement account and 3 1/3% to counties or the Department of Justice, depending on who collects the fee.

Drivers' license fees are influenced by Montana population growth in the age cohort 16 years and older. It is estimated that the number of people in this group will increase by approximately .3% per year. Based on this growth rate and the unequal distribution of renewals each year, receipts are expected to fluctuate from year to year.

## GENERAL FUND DRIVERS' LICENSE FEES COLLECTIONS

### DRIVERS' LICENSE FEES



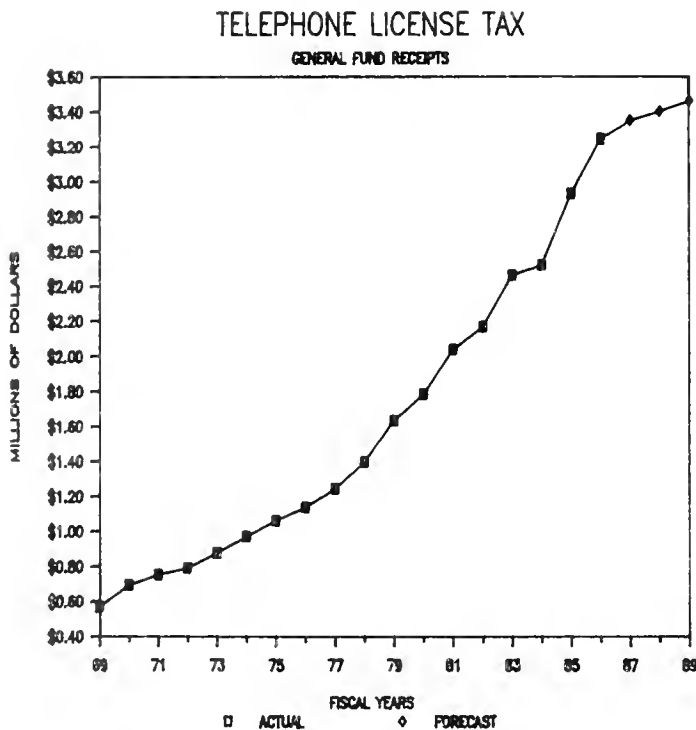
FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	1.037772	
1971	0.851094	-17.99%
1972	1.024492	20.37%
1973	0.516664	-49.57%
1974	0.609501	17.97%
1975	1.111813	82.41%
1976	1.171820	5.40%
1977	1.189350	1.50%
1978	1.163647	- 2.16%
1979	1.16606	-21.23%
1980	0.816365	-10.94%
1981	0.799616	- 2.05%
1982	0.803983	.55%
1983	0.796349	- 0.95%
----- PROJECTED -----		
1987	0.804000	0.93%
1988	0.799000	- 0.64%
1989	0.809000	1.26%

### Telephone License Tax

The telephone company license tax is levied on the gross income earned by any telephone business within the state, including the transmission of telephone messages by line or by microwave equipment. An exemption is allowed for the first \$250 of gross income earned each quarter. The current tax rate of 1.725% is applied to the adjusted gross income level. All collections are deposited in the general fund.

Revenue forecasts for the telephone tax were based on the average growth rate anticipated by the companies operating within Montana. All companies contacted indicated that possible rate increases were not included in their growth rates. If rate increases are adopted by the Public Service Commission, then the estimates will have to be adjusted accordingly.

### GENERAL FUND TELEPHONE LICENSE TAX COLLECTIONS



### Beer License Tax

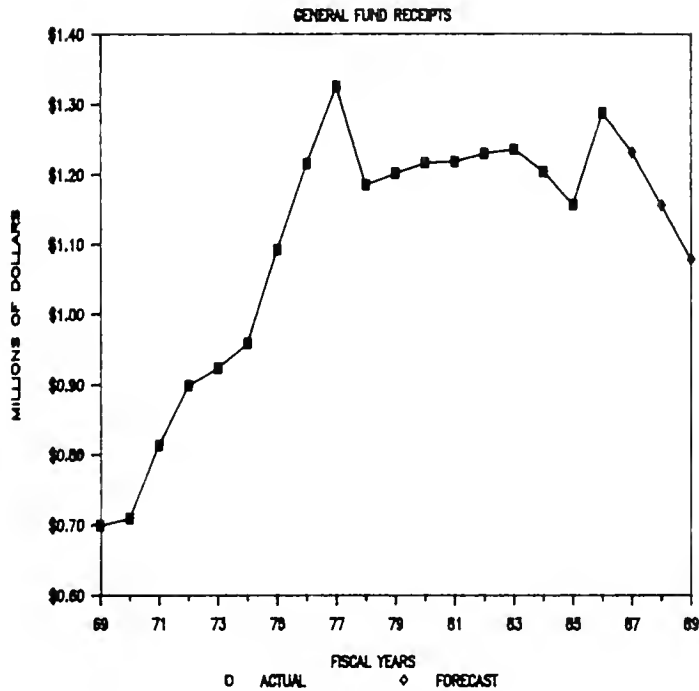
A tax of \$4.30 is levied on each barrel of beer produced in or imported into Montana. Currently, 41.86% of the receipts are distributed to the general fund, 34.88% to the Department of Institutions alcoholism account and 23.26% to cities and towns.

Beer consumption on a per capita basis has declined by 2.6% in FY84, 4.0% in FY85 and 5.8% in FY86. Revenues for fiscal years 1987 through 1989 are projected to continue these trends but at a somewhat slower rate of decline.

General fund revenues increased in FY86 because of a tax increase from \$4.00 to \$4.30 per barrel.

## GENERAL FUND BEER LICENSE TAX COLLECTIONS

## BEER LICENSE TAX

FISCAL  
YEARGENERAL FUND  
COLLECTIONS  
(MILLION \$)PERCENT  
CHANGE

## Natural Gas Severance Tax

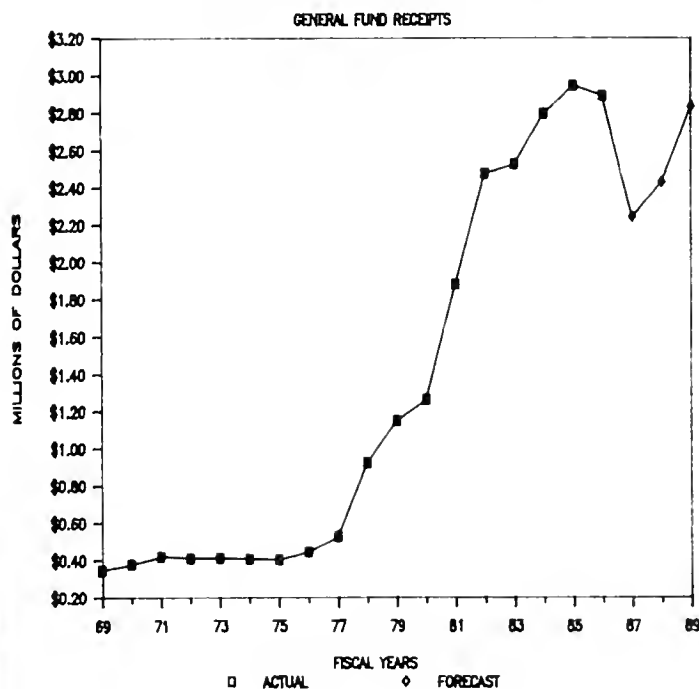
A natural gas severance tax is imposed on the production of natural gas in Montana. The tax rate of 2.65% is applied to the total gross value of natural gas produced from each lease or unit. All receipts, less the county portion, are deposited in the general fund.

If production in any county increases over production in the previous year, taxes on the increased production are returned to the county.

Natural gas production is projected to increase moderately throughout the forecast period. Prices are expected to decline in FY87 and then increase in fiscal years 1988 and 1989.

## GENERAL FUND NATURAL GAS SEVERANCE TAX COLLECTIONS

## NATURAL GAS SEVERANCE TAX

FISCAL  
YEARGENERAL FUND  
COLLECTIONS  
(MILLION \$)PERCENT  
CHANGE

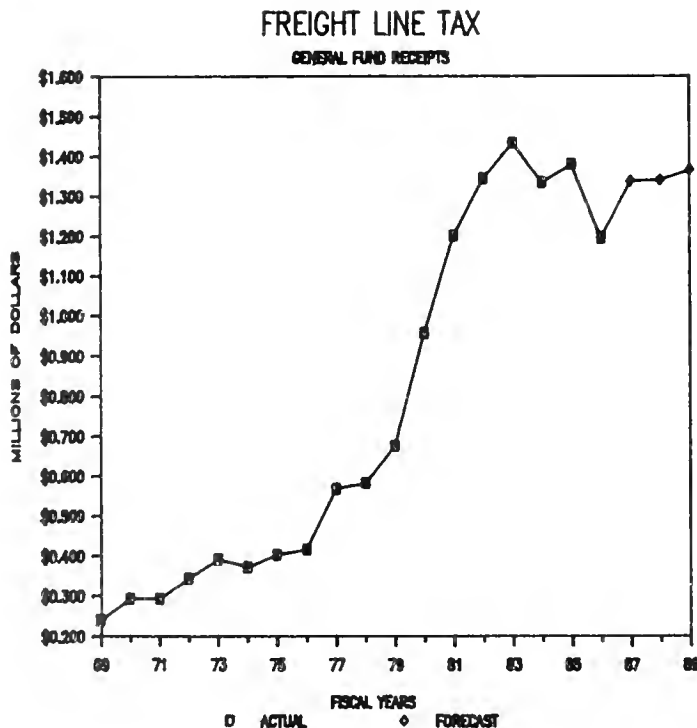
### Freight Line Tax

The freight line company tax is assessed on the gross earnings of every railroad freight line company operating in Montana. Freight line companies are defined as companies operating or leasing railroad freight cars but not owning the rails over which the cars travel. The tax rate of 5 1/2% is applied to the gross earnings derived from business during

the calendar year. All monies collected from this tax are deposited in the general fund.

The deregulation of railroads under the Staggers Act of 1980 and the depressed agricultural year of 1985 are responsible for the recent changes in the freight line tax receipt patterns. Future revenues are projected to rebound in FY87 and then remain fairly stable in fiscal years 1988 and 1989. These trends are based on the agricultural sector returning to pre-1985 levels.

### GENERAL FUND FREIGHT LINE TAX COLLECTIONS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	0.293612	
1971	0.293303	- 0.11%
1972	0.343828	17.23%
1973	0.391288	13.80%
1974	0.371123	- 5.15%
1975	0.402583	8.48%
1976	0.416321	3.41%
1977	0.568326	36.51%
1978	0.582638	2.52%
1979	0.675790	15.99%
1980	0.956356	41.52%
1981	1.200093	25.49%
1982	1.344761	12.05%
1983	1.432164	6.50%
1984	1.334111	- 6.85%
1985	1.379418	3.40%
1986	1.195066	-13.36%
----- PROJECTED -----		
1987	1.337000	11.88%
1988	1.339000	0.17%
1989	1.365000	1.94%

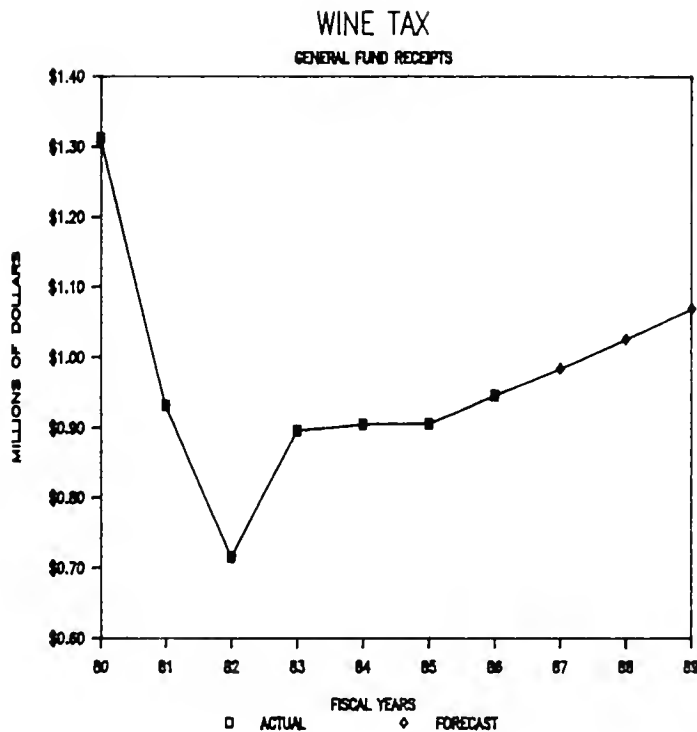
Wine Tax

A wine tax is levied on table wines imported into Montana by wine distributors or the Department of Revenue. The \$.27 per liter tax is distributed in the following manner: 59.26% to the general fund; 30.89% to the Department of

Institutions alcoholism account; 9.85% to counties and cities.

Since wine taxes are not based on the value of the commodity, revenues are a function of consumption. Montana's per capita consumption in fiscal year 1986 grew by 3.8%. Tax receipts are projected to increase by this rate over the forecast period.

## GENERAL FUND WINE TAX COLLECTIONS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970		
1971		
1972		
1973		
1974		
1975		
1976		
1977		
1978		
1979		
1980	1.312406	
1981	0.931611	-29.02%
1982	0.715246	-23.22%
1983	0.895884	25.26%
1984	0.904905	1.01%
1985	0.905648	0.08%
1986	0.946287	4.49%
----- PROJECTED -----		
1987	0.984000	3.95%
1988	1.025000	4.22%
1989	1.068000	4.21%

### Other Revenue Sources

There are a number of other taxes and fees that individually generate less than \$1 million annually to the general fund.

The statutes governing these taxes, fees and fines are frequently changed, thereby making the comparison of tax years difficult. However, if all the revenue sources are treated as a group, general trends can be identified.

Since FY81, revenues in this category have grown an average of 5.5% per year after adjusting for one-time receipts. However, from fiscal year 1985 to 1986, receipts increased by only 3.3%. It is assumed this trend will continue throughout the forecast period.

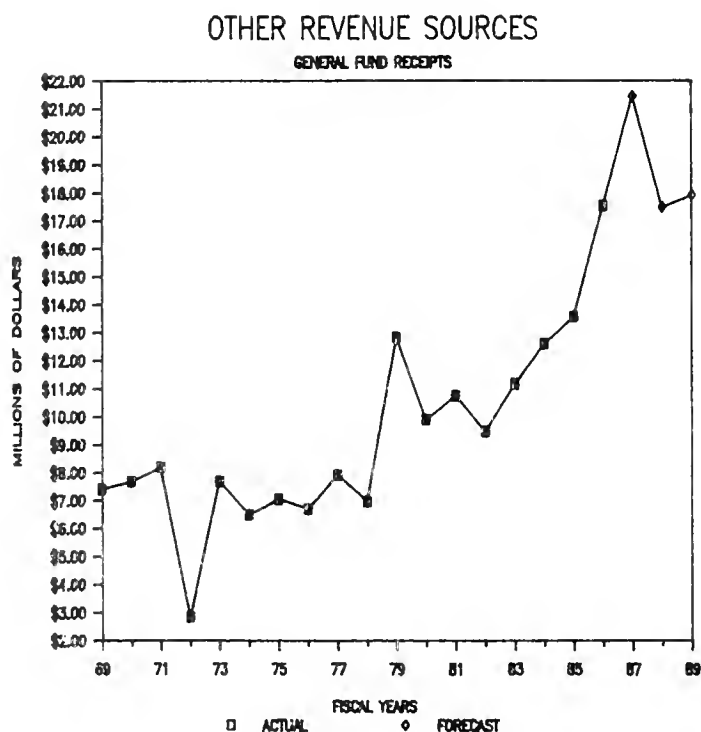
Also included in this category is the anticipated revenue from vehicle fees and video poker license fees. Vehicle and video poker license fees are assumed to increase moderately throughout the 1988-89 biennium.

The revenue estimate for FY87 includes proceeds from the sale of the Montana Youth Treatment Center at Billings and the transfer of funds from the crime victims account.

### Policy Options

The budget proposes continuation of the vehicle fee schedule enacted in 1986 for district courts and the local government block grant.

## GENERAL FUND OTHER REVENUE COLLECTIONS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	7.669004	
1971	8.194068	6.85%
1972	2.847773	-65.25%
1973	7.682533	169.77%
1974	6.483429	-15.61%
1975	7.055104	8.82%
1976	6.689457	- 5.18%
1977	7.920975	18.41%
1978	6.952651	-12.22%
1979	12.834864	84.60%
1980	9.896386	-22.89%
1981	10.755539	8.68%
1982	9.476049	-11.90%
1983	11.176082	17.94%
1984	12.590802	12.66%
1985	13.558652	7.69%
1986	17.539483	29.36%
----- PROJECTED -----		
1987	21.433000	22.20%
1988	14.630000	-31.74%
1989	15.014000	2.62%
----- PROJECTED WITH POLICY OPTIONS -----		
1987	21.433000	22.20%
1988	17.475000	-18.47%
1989	17.909000	2.48%

## REVENUE ESTIMATE SUMMARY

The Executive Budget for the 1988-89 biennium is balanced without additional revenue generated from tax increases. The tax reform proposal the Governor will present to the 50th Legislature is revenue neutral.

The budget assumes continuation of the vehicle fee schedule enacted in 1986 for district courts and local government block grant and the enactment of an accommodations tax.

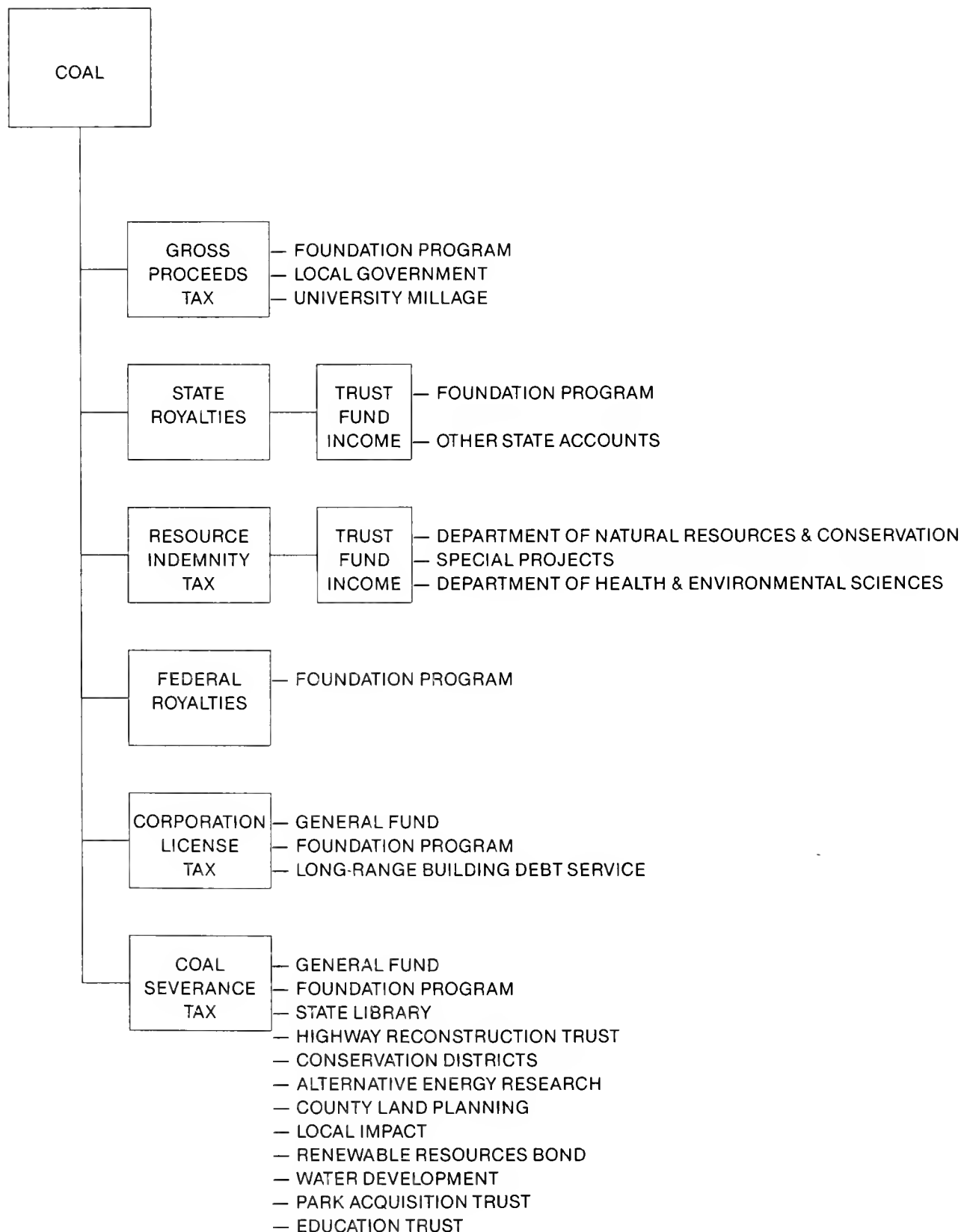
The budget proposes redistribution of the coal severance tax for FY87-89. Seventy-five percent of the revenue allocated to the permanent trust would be deposited in the general fund for these three years. The twenty-five percent allocated to the in-state investment portion of the trust would continue to be placed in the trust and invested in Montana's basic industries. Similarly, the revenues allocated during these three years to the park acquisition trust fund would be deposited in the general fund, and the revenue flowing into

the education trust would be placed in the foundation program. The budget also proposes that all the interest generated from the coal tax trust be placed in the general fund, as was done prior to 1983. Lastly, the allocation to the local impact fund is reduced to 1.25% and the remainder placed in the foundation program.

Total general fund revenues for the 1988-89 biennium are expected to increase by 5.2% from the current biennium. If the proposed tax policy changes are included, the growth rate is 8.7%.

Montana is a large state with a vast potential for oil, coal and natural gas exploration and extraction. This potential, in conjunction with our current level of natural resource taxation, makes Montana highly dependent upon its natural resources. Based on current taxation policies, the following tables have been prepared to reflect our vulnerability to fluctuations in oil, coal and natural gas production and prices.

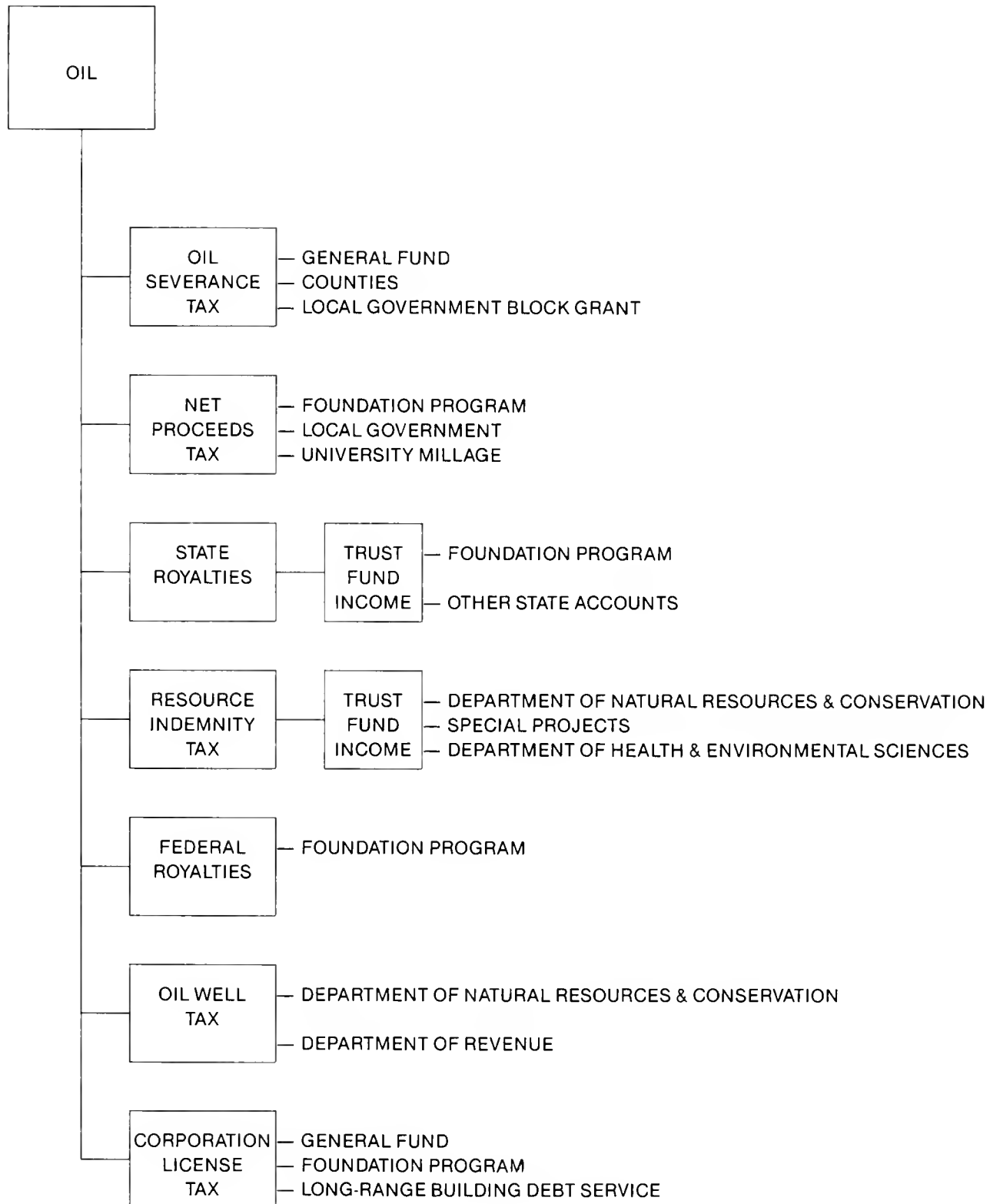
### GRAPHIC REPRESENTATION OF REVENUE IMPACT COAL



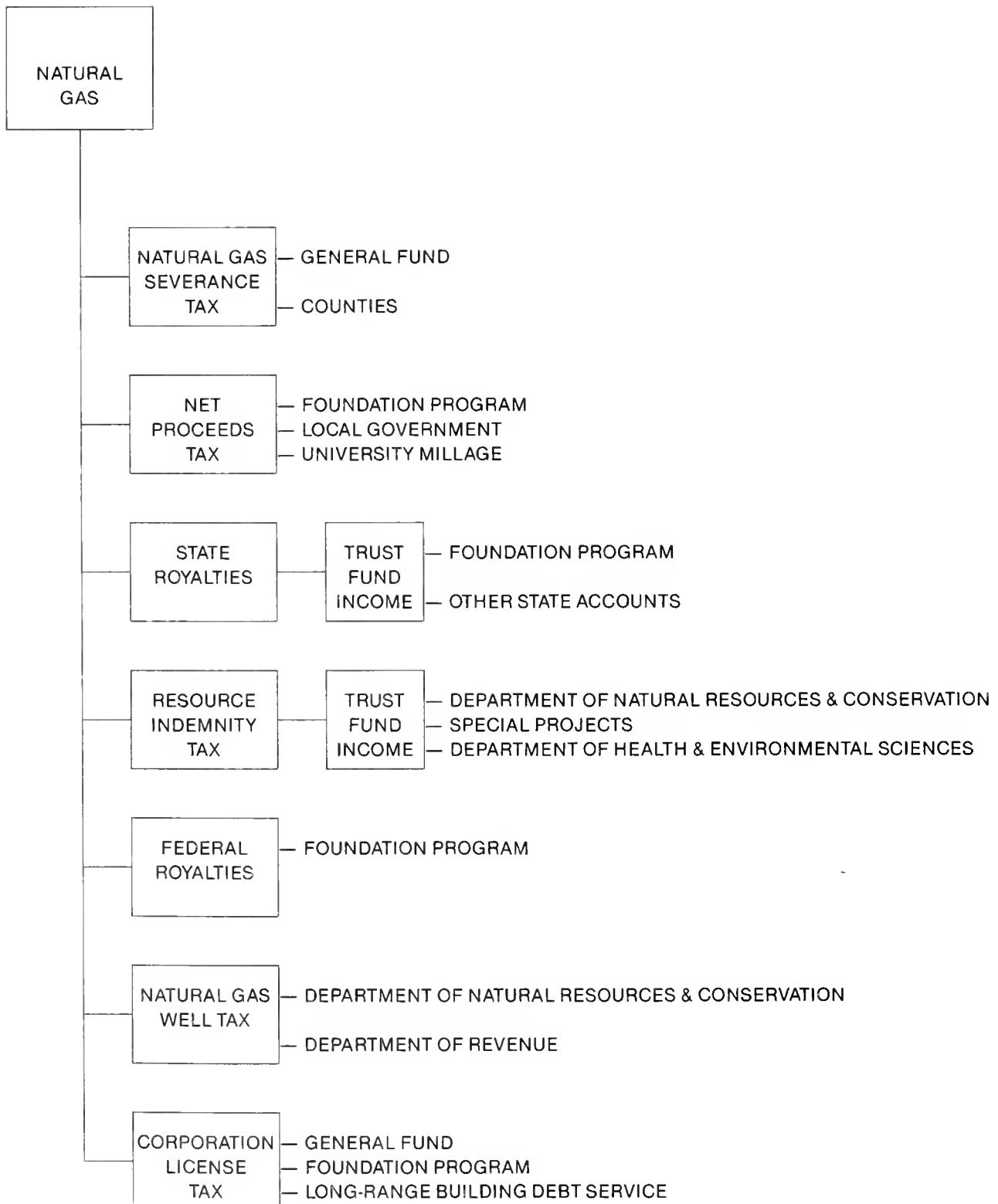


# GRAPHIC REPRESENTATION OF REVENUE IMPACT

## OIL



# GRAPHIC REPRESENTATION OF REVENUE IMPACT NATURAL GAS



## PAY PLAN

The executive budget proposes that pay rates for state employees and elected officials be maintained at the FY87 schedules. The statewide pay schedule, and the schedules for institutional teachers, liquor store employees and blue-collar workers all remain at the current statutory level. All employees will remain at the step they occupy as of June 30, 1987, for the 1989 biennium. New employees will move from step one to step two at the end of their probationary period.

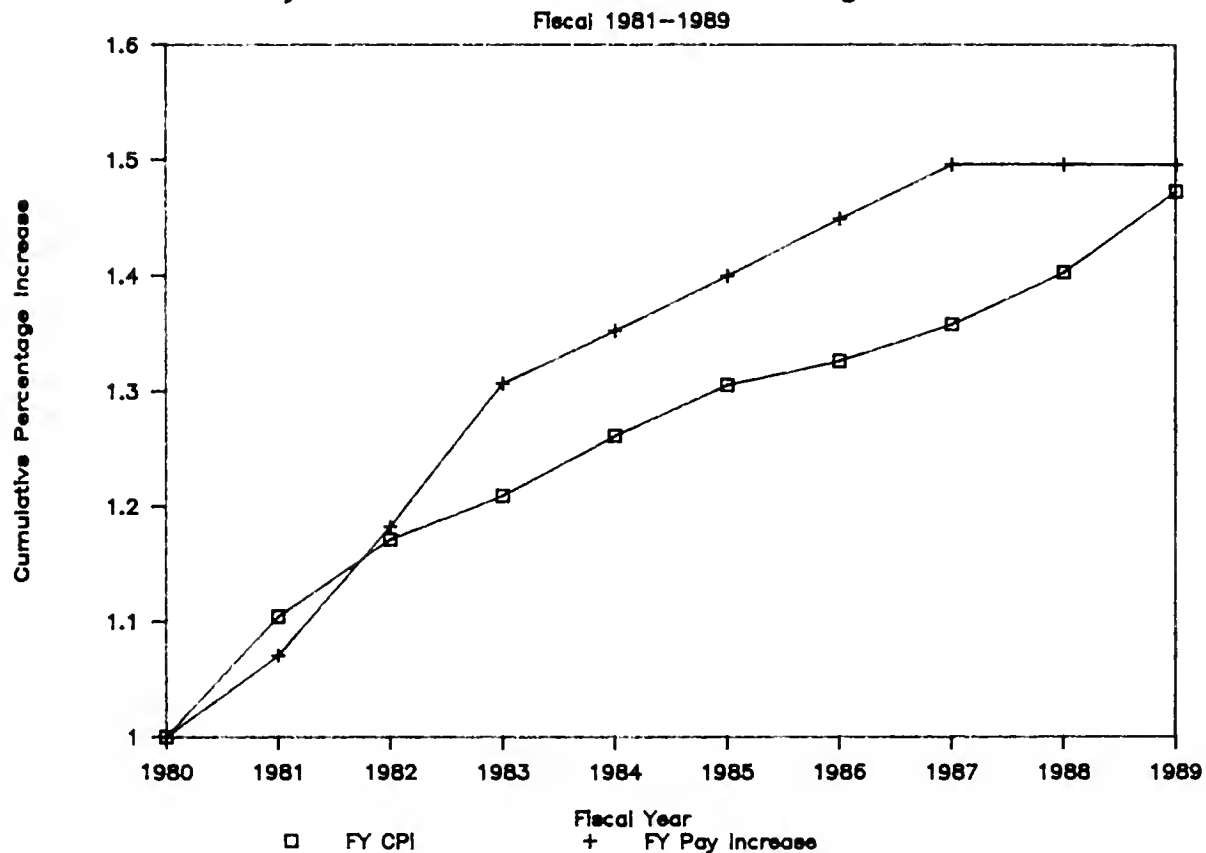
The state contribution to the state health plan will remain at the FY87 level — \$115 per employee per month. This level of employer contribution will allow the same level of health benefits to be maintained for the coming biennium. Benefit expenses will exceed contributions in the biennium and will

therefore lower the balance in the health insurance trust. There will still be adequate reserves at the end of the biennium.

Negotiations are still in progress with the executive branch employee unions. As of November 20, 1986, the state has reached agreement with the Public Employees' Craft Council (Teamsters, Machinists, Painters, Laborers, and Operating Engineers) representing 330 state employees in the Highway Department's Maintenance and Equipment Division. The agreement maintains the FY87 blue collar pay schedules for the 1988-89 biennium.

Even without a pay increase in the 1989 biennium, state employees' wages will have kept pace with inflation since 1980. The following graph shows the cumulative effect of pay increases and the CPI for fiscal years 1980-89.

### Pay Plan Increases vs Change in CPI



## SCHOOL FOUNDATION PROGRAM

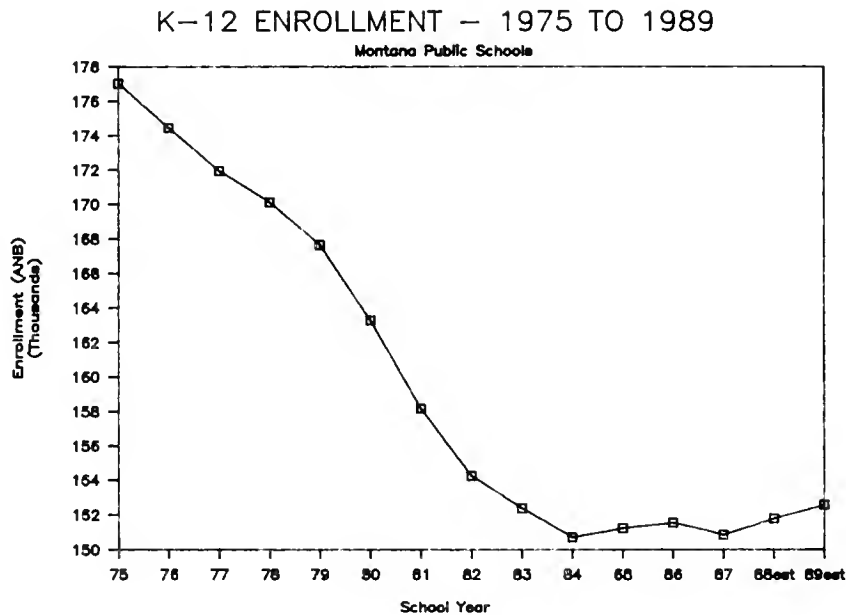
The school foundation program will be maintained at the FY87 schedules for the FY88-89 biennium. Under current law, a general fund appropriation of \$96 million will be required to fund the current schedules — three times the \$32.56 million in the 1987 biennium.

The Governor's proposal credits additional revenues to the earmarked portion of the foundation program by depositing coal tax revenues directly to the foundation program rather than to the education trust and the Coal Board. That reduces the required general fund by \$10 million per year.

The table of revenues and expenditures contained in the revenue section, details the earmarked revenues, the Governor's proposal to increase those revenues and the general fund appropriation required for the foundation program.

### K-12 Enrollments:

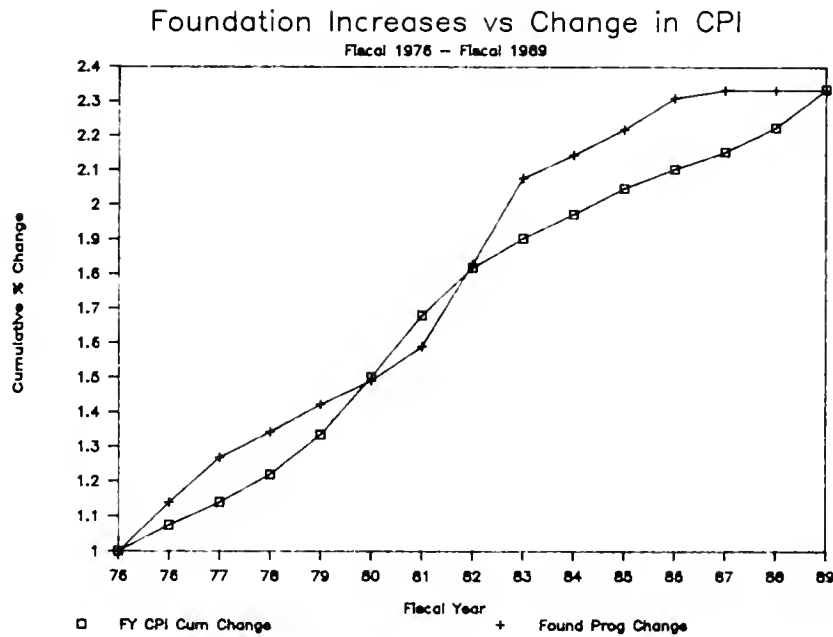
Public school enrollments declined steadily from 1975 to 1984. Since 1984, enrollments have stabilized and will increase slightly in the foreseeable future. Past increases in the foundation program were much less costly to grant because of declining enrollments. In a time of increasing enrollments, maintenance of the existing schedules requires significant additional revenues. Actual and projected school enrollments are shown below:



### CPI and Foundation Schedules:

The school foundation program schedules have more than kept pace with the consumer price index (CPI) since 1975.

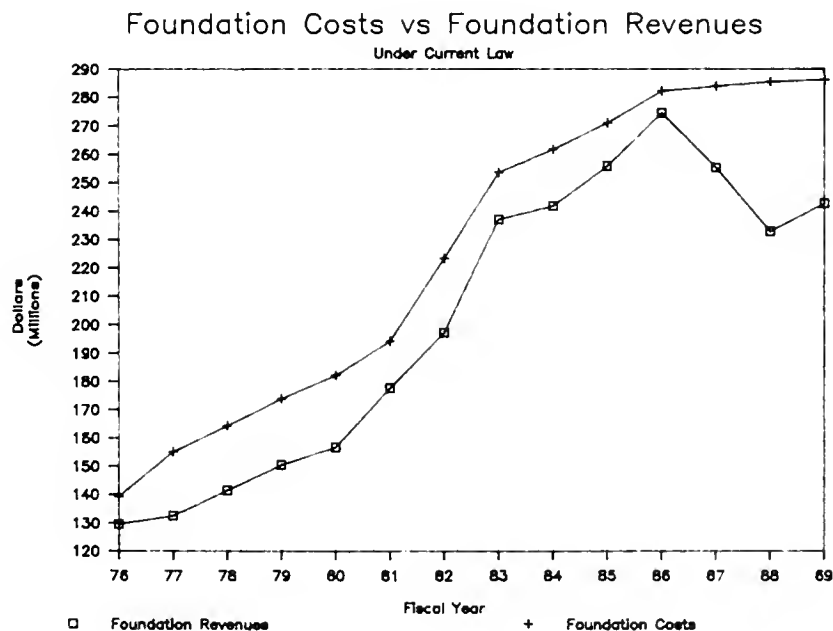
Even with no increase in the FY88-89 biennium, foundation schedule increases will have matched inflation.



### Foundation Program Revenues:

Foundation program earmarked revenues and total expenditures are presented in the table below. The foundation program is much more sensitive to changes in oil prices, coal prices and interest rates than are general fund revenues. In times of escalating oil, gas, and coal prices the earmarked revenues dedicated to the foundation program came close to

generating enough revenue to provide for significant increases in the foundation program. When coupled with rising enrollments, declining prices and interest rates dramatically increase the demand on the state's general fund. The following chart shows the earmarked revenues and the total costs for the foundation program.



## SUPPLEMENTAL REQUESTS

Recommended supplemental appropriations for FY87 are detailed below. Funding for these supplementals is provided as part of the Governor's recommendation to balance the budget.

<u>Agency</u>	<u>Name/Department</u>	<u>General Fund Request</u>	<u>Other Funds Request</u>
3201	Secretary of State		\$ 55,000
3202	Comm of Pol. Prac.	\$ 2,500	
3501	Office of Public Instr.		
	Litigation Funding:		
	Foundation Suit	200,000	
	Title IX Suit	100,000	
4110	Justice		
	County Attny Payroll Pro.	50,000	
	Forensic Science Crime Lab		60,000
5101	Board of Public Education		
	Legal Fee Expenditures	7,525	
	Foundation Suit		
5118	Board of Regents		
	Per Diem for Board Members	4,500	
5201	Fish, Wildlife & Parks		
	Law Enforcement Division		71,000
	Conservation Ed. Div.		30,400
5301	Health		
	Certificate of Need Law	35,713	
5501	State Lands		
	Caretaker Svcs. & Util.	11,800	
	Fire Expenses	557,462	
5801	Revenue		
	Continuing R.R. Litigation	70,870	
	Beneficial Use Litigation	3,864	
6101	Administration		
	Reappraisals	315,641	
	Manual Disparity	33,750	
6401	Institutions		
	Corrections Medical	650,000	
	Unpaid Workers Comp Liability	1,529,337	
	Prison Lawsuit	351,291	
6407	Mountain View School		
	Care and Custody		4,000
6408	Pine Hills School		
	Care and Custody		15,000
6409	Montana State Prison		
	MSP Canteen		244,998
6410	Swan River Forest Camp		
	Counseling & Supervision		15,000
6603	Workers' Compensation	-	
	Soc. Sec. Offset Court Case	20,702	
	Workload Increase		336,287
6901	Social & Rehabilitation Svcs.		
	Foster Care	1,612,933	204,403
	Asst. Payments AFDC	2,103,604	5,503,503
	Asst. Payments Day Care	45,391	88,806
	General Assistance	508,834	
	Transient Assistance	150,000	
	Med. Asst. Primary Care FY86	1,044,214	
	Med. Asst. Primary Care FY87	2,421,875	6,387,631
	State Medical	947,172	
	TOTAL	\$12,778,978	\$13,016,028

## RESOURCE INDEMNITY TRUST EARNINGS

The earnings from the Resource Indemnity Trust (RIT) are to be used to "improve the total environment and rectify damage thereto." 15-38-203 MCA.

Legislation will be submitted to the 1987 Legislature to clarify the expenditure of RIT earnings. A separate proposal will be made to earmark an additional 6% of the RIT earnings to the Department of Health and Environmental Sciences for creation of a "Superfund Trust." The new trust will be used for the state's match for federal superfund projects and to fund the costs of the state's Natural Resource Defense Lawsuit.

The 1985 Legislature used a portion of the RIT earnings to fund activities of state government that are necessary and relevant to improving the total environment and rectifying

damage. The Governor recommends that some of those programs continue to receive RIT funding.

The 1985 Legislature also funded 22 special projects on a priority basis that met the criteria for RIT earnings. The June Special Session instructed the Department of Natural Resources and Conservation to request and review proposals for special projects in the 1989 biennium. The Governor recommends that \$2 million per year be spent on special projects during the biennium.

The Government of Butte/Silver Bow has filed a lawsuit challenging the expenditure of RIT earnings. The challenge does not ask for an injunction on expenditure of '87 biennium appropriations. Passage of legislation clearly defining the intent of the legislature regarding expenditure of the monies will most likely render the suit moot.

The following table details the Governor's recommendation for expenditure of RIT earnings.

	RESOURCE INDEMNITY TRUST			
	1986	1987	1988	1989
BALANCE	\$2,176,069	\$451,586	\$481,185	0
INTEREST EARNED	6,487,967	7,342,000	6,286,000	6,686,000
TOTAL	\$8,664,036	\$7,793,586	\$6,767,185	\$6,686,000
EXPENDITURES				
30% Water Development	\$1,946,390	\$2,203,000	\$1,883,000	\$2,001,000
DHES Statutory 6%	389,278	441,000	377,000	400,000
6% Superfund	0	0	377,000	400,000
RIT 5% Contingency	175,000	0	175,000	0
DNRC	1,167,023	851,187	1,248,481	1,199,709
Lands	1,384,729	0	616,704	595,291
Labor & Industry	601,000	580,800	0	0
Bureau of Mines	300,000	0	0	0
Forest Experiment Station	552,308	0	0	0
U of Montana	278,728	0	0	0
Appropriation Bills	108,000	0	0	0
HB-922 RIT Projects	1,082,102	3,063,687	2,000,000	2,000,000
HB-952 Water Marketing	227,892	5,000	0	0
Livestock, Rabies		167,727	0	0
Clark Fork	0	0	90,000	90,000
TOTAL	\$8,212,450	\$7,312,401	\$6,767,185	\$6,686,000

The following projects are recommended for funding on a priority basis. The Department of Natural Resources and Conservation has reviewed and ranked the projects.

#### 1986 RIT PROJECT RECOMMENDATIONS

<u>Applicant Name</u>	<u>Name of Project</u>	<u>Recommended Funding</u>	<u>Accumulative Total</u>
1 Montana Department of State Lands	Upper Blackfoot	\$107,000	\$ 107,000
2 Anaconda-Deer Lodge County	Anaconda Soil Stabilization and Erosion Control	\$ 66,854	\$ 173,854
3 Montana Department of Health and Environmental Sciences	Clark Fork Monitoring	\$289,926	\$ 463,780
4 Montana Department of Fish, Wildlife and Parks	High Ore Creek Reclamation Project	\$263,245	\$ 727,025
5 Montana Department of State Lands	Snowshoe Creek Steambank Reclamation	\$107,000	\$ 834,025
6 Montana Board of Oil and Gas Conservation	Plug-Wilkstrand Simero Well #1	\$ 19,951	\$ 853,976
7 Montana Department of Health And Environmental Sciences	Bannack State Park-Apex Mill Hazardous Waste Cleanup	\$101,200	\$ 955,176
8 Toole County	Provide Reclamation For Past Oil and Gas Extraction, Exploration, and Processing	\$150,000	\$1,105,176
9 Montana Department of State Lands	Nellie Grant Mine Reclamation	\$ 84,900	\$1,190,076
10 Montana Department of Health and Environmental Sciences Solid and Hazardous Waste Bureau	Abandoned Oil Refineries in Montana	\$300,000	\$1,490,076
11 Montana Department of Fish, Wildlife and Parks	Cataract Creek Reclamation Project	\$ 21,565	\$1,511,641
12 Sheridan County Conservation District	Reserve Pit and Oilfield Brine Disposal Assessment	\$100,000	\$1,611,641
13 Montana Board of Oil and Gas Conservation	Plug-Sunburst Disotell Well #1	\$ 55,000	\$1,666,641
14 Montana Board of Oil and Gas Conservation	Plug Well Leaking Gas Gas City Field	\$ 46,330	\$1,712,971
15 Montana State Library	Natural Resources Information System Natural Heritage Program	\$177,970	\$1,890,941



	<u>Applicant Name</u>	<u>Name of Project</u>	<u>Recommended Funding</u>	<u>Accumulative Total</u>
16	Montana University System Water Resources Center University of Montana	Distribution and Chemical Composi- tion of Smelter Tailings Deposited In The Upper Clark Fork Floodplain	\$ 34,565	\$1,925,506
17	Montana Salinity Control Association	Montana Salinity Control Program	\$300,000	\$2,225,506
18	Mile High Conserva- tion District	Berkeley Pit Re- Industrialization & Mineral Recovery	\$250,000	\$2,475,506
19	Butte-Silver Bow Government	The Anselmo Mine Yard Reclamation Project	\$299,473	\$2,774,979
20	Lower Musselshell Conservation District	Groundwater From Abandoned Mine Workings For Irri- gation & Instream Flows, Lower Musselshell River	\$242,320	\$3,017,299
21	Montana Department of State Lands	Hydrogeochemical Effects of Surface Coal Mining In Southeastern Montana	\$143,800	\$3,161,099
22	Montana Department of Natural Resources and Conservation Water Management Bureau	Sodium & Salinity Sources In The Powder River Basin A Chemical - Budget, Modeling Approach	\$ 89,257	\$3,250,356
23	Montana Department Of State Lands	Drill Hole Reclam- ation In Montana Hole Plugging Trials Utilizing Bentonite	\$100,000	\$3,350,356
24	Montana Department Of Natural Resources And Conservation Conservation Districts Division	Montana's Acceler- ated Soil Survey Program	\$300,000	\$3,650,356
25	Governor's Office, Headwaters RC&D, Deer Lodge County Conservation District	Clark Fork Reclam- ation Demonstration For Floodplain Systems Impacted By Mining	\$ 25,000	\$3,675,356
26	Montana Department of Natural Resources And Conservation Districts Division	Soil Stewardship- A Lesson To Be Learned By Every Landowner	\$ 6,700	\$3,682,056
27	Fort Peck Assiniboine And Sioux Tribes	Groundwater Resources And Contamination of The Alluvial Aquifer Along The Poplar River	\$152,000	\$3,834,056
28	Montana State University Reclamation Research Unit	Reconnaissance Survey Of Water Quality In Montana Bentonite Impoundment To Determine Their Reclamation Potential	\$ 12,478	\$3,846,534

<u>Applicant Name</u>	<u>Name of Project</u>	<u>Recommended Funding</u>	<u>Accumulative Total</u>
29 Montana State University Cooperative Extension Service	Survey of Weeds In Conservation & Conventionally Tilled Grain Fields Of Montana	\$ 54,150	\$3,900,684
30 Montana Bureau of Mines and Geology	Groundwater Information Center Deep Aquifer Databases	\$155,950	\$4,056,634

## LONG RANGE BUILDING PROGRAM

The prioritized list of projects is submitted in accordance with Section 17-7-204 MCA. The Department of Administration will publish the complete document of all agency requests and detailed project descriptions prior to the beginning of the session. The priorities recommended for funding emphasize life safety, repair and maintenance of existing facilities, handicapped access, and use of existing state institutions.

No new construction is proposed for the 1989 biennium. Therefore there is no need for a bonded program. Construction projects funded from earmarked sources will be paid on a cash basis.

Reducing the state's energy consumption and, thereby, the costs of operation of state facilities, is also a priority. Approval of the Governor's allocation of oil overcharge will provide funds to improve the energy efficiency of state-owned facilities.

### PRIORITY LISTING CAPITAL CONSTRUCTION PROGRAM PROPOSAL FUNDED WITH CURRENT REVENUES 1987 - 1989 BIENNIUM

Prt'y	Accounting Agency/Project	Projects Entity	Capital Project Fund	Federal Special Revenue Fund	Other Revenue Fund	Funds	Total
1.	Correct Life Safety Code Deficiencies, Montana Developmental Center	05007	126,000	-0-	-0-	-0-	126,000
2.	Correct Life Safety Deficiencies, Cottage # 2, Eastmont Human Services Center	05007	95,245	-0-	-0-	-0-	95,245
3.	Correct Health Safety & Fume Hood System Problems, Montana Tech	05007	124,000	-0-	-0-	-0-	124,000
4.	Repair Sewage Lagoon, Montana Developmental Center	05007	20,000	-0-	-0-	-0-	20,000
5.	Install Smoke Detectors, Pintlar Lodge, Montana State Hospital	05007	10,300	-0-	-0-	-0-	10,300
6.	Renovate Fire Alarm Systems MSU & WMC	05007	73,000	-0-	-0-	-0-	73,000
7.	Eliminate PCB, EMC	05007	20,000	-0-	-0-	-0-	20,000
8.	Asbestos Abatement, Phase II, Statewide	05007	500,000	-0-	-0-	-0-	500,000
9.	Replace Roofs, Department of Institutions	05007	309,500	-0-	-0-	-0-	309,500
10.	Replace/Repair Roofs, University System	05007	990,000	-0-	-0-	-0-	990,000
11.	Replace Roofs, Capitol Complex	05007	103,500	-0-	-0-	-0-	103,500
12.	Replace Roof, Chinook Armory	05007	45,000	-0-	-0-	-0-	45,000
13.	Replace Roof, Yellowstone Airport	05007	65,000	-0-	-0-	-0-	65,000
14.	Upgrade Registrar's Bureau, Deer Lodge	05007	225,000	-0-	-0-	-0-	225,000
15.	Improve Handicapped Accessibility, EMC & WMC	05007	156,100	-0-	-0-	-0-	156,100
16.	Handicapped Modifications, Capitol Complex	05007	235,700	-0-	-0-	-0-	235,700
17.	Improve Handicapped Access, Montana State Hospital	05007	124,622	-0-	-0-	-0-	124,622
18.	Improve Handicapped Access, School for the Deaf & Blind	05007	32,800	-0-	-0-	-0-	32,800

PRIORITY LISTING  
CAPITAL CONSTRUCTION PROGRAM PROPOSAL  
FUNDED WITH CURRENT REVENUES  
1987 - 1989 BIENNIUM

PrtY	Accounting Agency/Project	Projects Entity	Capital Project Fund	Federal Special Revenue Fund	Other Revenue Fund	Funds	Total
19.	Improve Handicapped Access & Install Fence, Center for the Aged.	05007	21,000	-0-	-0-	-0-	21,000
20.	Improve Electrical Distribution, MSU	05007 07037	1,229,300	-0-	-0-	623,900	1,853,200
21.	Install Drainage System & Upgrade Physical Plant, Eastmont Human Services Center	05007	34,900	-0-	-0-	-0-	34,900
22.	Refurbish Water Towers, Statewide, Institutions	05007	50,000	-0-	-0-	-0-	50,000
23.	Install Exhaust System, NMC	05007	50,000	-0-	-0-	-0-	50,000
24.	Repair Projects WMC	05007	78,100	-0-	-0-	-0-	78,100
25.	Remodel 16 A.B.C. Montana Developmental Center	05007	1,038,000	-0-	-0-	-0-	1,038,000
26.	Fire Protection, Capitol Complex	05007	50,000	-0-	-0-	-0-	50,000
27.	Major Maintenance, AES, Huntley & Havre	05007	160,000	-0-	-0-	-0-	160,000
28.	Repair Projects, Stillwater, State Lands	05007	28,200	-0-	-0-	-0-	28,200
29.	Repair Projects, Montana State Hospital	05007	60,880	-0-	-0-	-0-	60,880
30.	Energy Retrofit, Statewide	05009	-0-	-0-	200,000	-0-	200,000
31.	Construct Yard Storage and Toilets, Montana State Prison	05007	62,000	-0-	-0-	-0-	62,000
32.	Remodel Dining, Montana State Hospital	05007	100,000	-0-	-0-	-0-	100,000
33.	Repair Cracking, Great Falls Job Service	07037	-0-	-0-	30,000	-0-	30,000
34.	Remodel & Weatherize Job Services, Statewide	07037	-0-	-0-	135,540	-0-	135,540
35.	Federal Spending Authority Military Affairs	05009	-0-	-0-	300,000	-0-	300,000
36.	Miscellaneous Repairs & Improvements, Highways	02422	-0-	750,000	-0-	-0-	750,000
37.	Construct New Section Headquarters, Columbia Falls, Highways	02422	-0-	99,700	-0-	-0-	99,700
38.	Construct Laboratory Addition, Great Falls, Highways	02422	-0-	34,000	-0-	-0-	34,000
39.	Construct Steam Cleaning Buildings, Glendive & Miles City, Highways	02422	-0-	80,000	-0-	-0-	80,000
40.	Construct Combination Shop, Phase I, Wolf Point, Highways	02422	-0-	103,000	-0-	-0-	103,000

PRIORITY LISTING  
CAPITAL CONSTRUCTION PROGRAM PROPOSAL  
FUNDED WITH CURRENT REVENUES  
1987 - 1989 BIENNIUM

PrtY	Accounting Agency/Project	Projects Entity	Capital Project Fund	Federal Special Revenue Fund	Other Revenue Fund	Funds	Total
41.	Construct Shop Addition, Kalispell, Highways	02422	-0-	71,000	-0-	-0-	71,000
42.	Construct 5 Sandhouses: East Glacier, Aberdeen, Columbia Falls, Ekalaka and Havre, Highways	02422	-0-	156,000	-0-	-0-	156,000
43.	Construct 5 Equipment Storage Garages: Baker, Laurel, Whitehall, Cascade and Square Butte, High- ways	02422	-0-	228,300	-0-	-0-	228,300
44.	Boat Facilities, Program, Fish, Wildlife & Parks	02409 03097	-0-	50,000	140,000	-0-	190,000
45.	Develop Property, Fish, Wildlife & Parks	02410	-0-	400,000	-0-	-0-	400,000
46.	Fishing Access Site Acquisition, Fish, Wildlife & Parks	02415 03098	-0-	414,500	250,000	50,000	714,500
47.	Fishing Access Site Pro- tection, Fish, Wildlife & Parks	02415 03098	-0-	150,000	150,000	-0-	300,000
48.	Creston Hatchery Supple- mental, Creston Fish, Wildlife & Parks	02409	-0-	225,000	-0-	-0-	225,000
49.	Improve Regional Head- quarters, Fish, Wildlife & Parks	02409	-0-	41,000	-0-	-0-	41,000
50.	Land Transfer, Region 3 Headquarters, Bozeman Fish, Wildlife & Parks	02409	-0-	145,000	-0-	-0-	145,000
51.	Helena Office Mechanical Supplemental, Fish, Wild- life & Parks	02409	-0-	65,000	-0-	-0-	65,000
52.	Construct Region 1 Head- quarters, Kalispell Fish, Wildlife & Parks	02409	-0-	1,400,000	-0-	-0-	1,400,000
53.	Construct Region 5 Head- quarters, Billings, Fish, Wildlife & Parks	02409	-0-	1,200,000	-0-	-0-	1,200,000
54.	Improve Warehouse Com- plex, Fish, Wildlife & Parks	02409	-0-	80,000	-0-	-0-	80,000
55.	Improve Waterfowl Habi- tat Fish, Wildlife & Parks	02085	-0-	650,000	-0-	-0-	650,000
56.	Improve Big Horn Sheep Habitat, Fish, Wildlife & Parks	02086	-0-	100,000	-0-	-0-	100,000
57.	Centennial Display, Capi- tol Complex	05009	-0-	-0-	-0-	50,000	50,000
TOTAL			\$6,218,147	\$ 6,442,500	\$ 1,205,540	\$ 723,900	\$14,590,087

## OIL OVERCHARGE

Oil overcharge monies are allocated to states by the federal Department of Energy (DOE) or the federal court system as a result of litigation against oil companies overcharging for oil products. The funds are awarded as restitution. States must use the funds to assist those who were harmed as defined by DOE criteria.

Oil overcharge monies may not be used to replace state funds and may only be used in authorized program areas. Under DOE regulation, oil overcharge monies are to be allocated by the Governor. He must make signed assurances to the court and DOE that the funds will be expended according to the established criteria. A plan must be submitted for approval to DOE prior to expenditure of funds.

### Funds available:

	Award Amount	Interest as of June 30, 1987	Total
Exxon	\$ 9,584,666	\$ 971,773	\$10,556,439
Stripper	3,290,875	223,167	3,514,042
Diamond Shamrock	220,444	14,472	234,916
Amoco	124,000	0	124,000
Total	\$13,219,985	\$1,209,412	\$14,429,397

### Limits on usage of funds:

Exxon monies may be spent only on the following 5 approved programs administered by the indicated agencies:

- 1) State Energy Conservation Program - DNRC
- 2) Institutional Conservation Program - DNRC
- 3) Energy Extension Service - DNRC
- 4) Low Income Energy Assistance Program (LIEAP) - SRS
- 5) Weatherization Assistance Program - SRS

Stripper, Diamond Shamrock and Amoco monies may be spent on the same programs as Exxon or on any of the following programs:

- 1) Highway and bridge maintenance and repair
- 2) Ridesharing programs (vanpooling, carpooling)
- 3) Public transportation projects
- 4) Residential or commercial building energy audits
- 5) Grant or loan programs for weatherization or other energy conservation equipment installation
- 6) Energy assistance programs
- 7) Airport maintenance or improvement
- 8) Reduction in airport user fees
- 9) Energy conservation or energy research offices and administration

### Single Program Plan:

The Department of Energy requires that states present a single program plan for any monies allocated to the 5 programs eligible for Exxon expenditures. Any monies proposed for those programs must be allocated to DNRC or SRS to meet DOE criteria. Allocations to the additional programs eligible under "Stripper" may be made separately.

### Governor's Allocation:

Legislation will be proposed to the 1987 legislative session to provide appropriations to implement the allocations.

### Exxon:

1) \$1,666,000 to SRS for weatherization. This supports the appropriation made by the June Special Session for weatherization in FY87.

2) \$5,750,000 to SRS to create a trust fund for LIEAP and weatherization. The director of SRS will be allowed to spend the interest earnings on either program at his discretion. The director will be allowed to use the principal to replace federal funds if the allocation for either program is reduced.

3) \$2,100,000 to the Department of Natural Resources and Conservation (DNRC) to be administratively appropriated to the Department of Commerce for a grant to build a transloading facility. Commerce will accept proposals on a competitive basis from Montana communities to build the facility.

4) \$500,000 to DNRC for grants for energy conservation programs in agriculture.

5) \$235,000 to DNRC for a grant to the Montana Local Government Energy Office for technical assistance to local governments and school districts.

6) \$305,439 to the DNRC for the State Energy Conservation Program.

### Stripper, Diamond Shamrock, and Amoco:

1) \$2,000,000 to DNRC for energy retrofit revolving loans for state buildings.

2) \$1,089,042 to DNRC for the institutional conservation program. These funds will be available to schools and hospitals on a competitive basis. The budget also contains approximately \$1 million of federal grant money, bringing the total funds available to schools and hospitals to \$2 million.

3) \$288,000 to DNRC for the State Energy Conservation Program.

4) \$50,000 to DNRC for energy conservation research and analysis.

5) \$234,916 to DNRC for administration of the Energy Conservation Programs. (Diamond Shamrock)

6) \$211,000 to the Department of Highways to install low pressure sodium vapor lights east of the divide.

## BUDGET REDUCTIONS FY86-87

Agency budgets were reduced on three separate occasions in the 1987 biennium. On January 15, 1986, the Governor issued Executive Order #2-86 to reduce FY86 general fund appropriation by 2%. The reduction applied to all agencies. The total general fund reductions amounted to \$6,951,590. Proprietary funds and Vo-Tech current unrestricted funds were reduced by \$492,255.

Part of the Governor's recommendation to the June Special Session was to reduce all agency budgets by 5% in all funds except federal funds. The legislature reduced most agency budgets by 5%. Some exceptions were made for the Institutions and statutory benefits in the Department of SRS. The Department of Fish, Wildlife and Parks was exempted entirely from the cut.

The June Special Session also removed funding for the FY87 pay increase for state employees. HB 31 continued

FY86 pay schedules if approved during renegotiation between the state and public sector bargaining units. Since a renegotiation agreement was not reached, the FY87 pay increase went into effect. With funding for this increase removed (\$8.1 million general fund), agencies were underfunded by an additional 3.25% for personal services costs. Agencies had to absorb the costs of the pay increase by keeping vacant positions open, layoffs or reducing operating costs.

On November 10, 1986, the Governor issued Executive Order #18-86 reducing FY87 appropriations by 2 percent. All funds were reduced except for federal funds. The Department of Institutions and the Workers' Compensation Division were entirely exempted as were statutory benefits in SRS.

The following table presents the impacts of all the cuts on an agency-by-agency basis.

		FY86	Special Session		FY87
		2%	5% Cut	Pay Plan	2%
			FY87		
<u>Agency</u>					
<b>LEGISLATIVE AUDITOR</b>					
	General Fund	\$22,970	\$49,951	\$59,401	\$21,376
	Other Funds	0	\$3,282	0	0
<b>LEGISLATIVE FISCAL ANALYST</b>					
	General Fund	\$15,806	\$37,480	\$20,056	\$15,129
	Other Funds				
<b>LEGISLATIVE COUNCIL</b>					
	General Fund	\$38,023	\$88,441	\$51,914	\$47,644
	Other Funds				
<b>SENATE LEGISLATIVE ASSEMBLY</b>					
	General Fund	0	0	0	\$5,791
<b>HOUSE LEGISLATIVE ASSEMBLY</b>					
	General Fund	0	0	0	\$9,518
<b>ENVIRONMENTAL QUALITY COUNCIL</b>					
	General Fund	\$4,474	\$11,639	\$5,715	\$4,468
	Other Funds				
<b>CONSUMER COUNSEL</b>					
	Other Funds	0	\$44,879	0	0
<b>JUDICIARY</b>					
	General Fund	0	\$52,141	\$26,380	\$83,989
	Other Funds	0	\$56,093	\$10,828	0
<b>GOVERNOR'S OFFICE</b>					
	General Fund	\$46,531	\$113,512	\$51,399	\$44,912
	Other Funds	0	0	\$9,291	0
<b>SECRETARY OF STATE'S OFFICE</b>					
	General Fund	\$18,946	\$42,544	\$18,402	\$17,338
	Other Funds	0	\$16,170	\$5,566	0
<b>COMMISSIONER OF POLITICAL PRAC</b>					
	General Fund	\$2,960	\$6,988	\$3,191	\$2,745
	Other Funds	0	\$50	0	0
<b>STATE AUDITOR'S OFFICE</b>					
	General Fund	\$22,135	\$54,562	\$20,868	\$21,199
	Other Funds	0	\$65,141	\$27,377	0
<b>OFFICE OF PUBLIC INSTRUCTION</b>					
	General Fund	\$876,253	\$1,837,562	\$69,374	\$823,070
	Other Funds	0	0	\$52,626	
<b>VOCATIONAL TECHNICAL CENTER:</b>					
	Billings General Fund	0	\$39,809	\$46,533	0
	Butte General Fund	0	\$38,324	\$38,579	0
	Great Falls General Fund	0	\$38,843	\$39,556	0
	Helena General Fund	0	\$64,424	\$55,416	0

<u>Agency</u>	<u>FY86 2%</u>	<u>Special Session 5% Cut FY87</u>	<u>Pay Plan</u>	<u>FY87 2%</u>
Missoula General Fund	0	\$43,064	\$52,416	0
CRIME CONTROL DIVISION				
General Fund	\$9,987	\$24,304	\$10,202	\$9,548
Other Funds				
HIGHWAY TRAFFIC SAFETY				
General Fund				
Other Funds	0	\$3,535	\$8,869	0
DEPARTMENT OF JUSTICE				
General Fund	\$189,205	\$195,780	\$161,445	\$108,149
Other Funds	0	\$240,315	\$306,012	0
PUBLIC SERVICE REGULATION				
General Fund	\$34,486	0	\$63,994	\$230
Other Funds	0	\$85,584	\$38,575	0
BOARD OF PUBLIC EDUCATION				
General Fund	\$2,171	\$5,196	\$2,211	\$1,896
COMMISSIONER OF HIGHER ED				
General Fund	\$1,772,005	\$81,781	\$20,207	\$2,062,052
Other Funds	0	0	\$13,333	
UM General Fund	0	\$1,115,871	\$888,730	0
MSU General Fund	0	\$1,382,177	1,177,122	0
TECH General Fund	0	\$269,440	\$211,663	0
EMC General Fund	0	\$440,684	\$338,330	0
NMC General Fund	0	\$267,500	\$187,990	0
WMC General Fund	0	\$137,851	\$105,855	0
AES General Fund	0	\$297,112	\$225,546	0
AES - Other Funds	0	0	\$26,243	0
CES	0	\$109,433	\$123,644	0
FCES	0	\$33,479	\$16,790	0
BM&G	0	\$74,302	\$32,649	0
DCC	0	\$37,554	\$20,766	0
FVCC	0	\$79,803	\$47,486	0
MCC	0	\$43,563	\$22,720	0
SCHOOL FOR THE DEAF & BLIND				
General Fund	\$54,740	\$184,640	\$67,978	\$51,528
Other Funds	0	0	\$7,547	0
MONTANA ARTS COUNCIL				
General Fund	\$2,423	\$5,815	\$1,390	\$2,223
Other Funds	0	0	\$2,627	0
LIBRARY COMMISSION				
General Fund	\$11,093	\$27,204	\$12,177	\$10,482
Other Funds	0	\$22,309	\$8,323	0
MT COUNCIL ON VOC ED				
Other Funds	0	0	\$1,421	0
HISTORICAL SOCIETY				
General Fund	\$21,911	\$55,662	\$25,534	\$21,670
Other Funds	0	0	\$13,776	0
BOARD OF REGENTS				
General Fund	\$462	\$1,173	0	\$446
FIRE SERVICES TRAINING SCHOOL				
General Funds	\$4,676	\$12,227	\$3,537	\$4,276
Other Funds				
DEPT. OF FISH, WILDLIFE & PARKS				
General Fund	\$23,597	\$21,678	\$14,953	0
Other Funds	0	0	\$411,189	0
DEPT. OF HEALTH & ENVIRON SCI- ENCES				
General Fund	\$72,652	\$139,397	\$126,328	\$75,499
Other Funds	0	52,687	\$72,278	0



<u>Agency</u>	<u>FY86 2%</u>	<u>Special Session 5% Cut FY87</u>	<u>Pay Plan</u>	<u>FY87 2%</u>
DEPARTMENT OF HIGHWAYS				
Other Funds	0	\$4,050,618	\$1,547,773	0
DEPARTMENT OF STATE LANDS				
General Fund	\$111,789	\$324,445	\$160,216	\$128,552
Other Funds	0	\$178,586	\$71,138	0
DEPARTMENT OF LIVESTOCK				
General Fund	\$13,538	\$33,640	\$12,864	\$11,602
Other Funds	0	\$176,901	\$86,236	0
DEPT. OF NATURAL RESOURCES & CONSERVATION				
General Fund	\$92,631	\$241,378	\$145,235	\$81,765
Other Funds	0	\$269,932	\$55,101	0
DEPARTMENT OF REVENUE				
General Fund	\$387,135	\$888,704	\$481,893	\$346,101
Other Funds	0	\$48,113	\$71,200	0
DEPARTMENT OF ADMINISTRATION				
General Fund	\$79,091	\$192,463	\$73,074	\$74,748
Other Funds	0	\$1,206,062	\$216,186	0
PUBLIC EMPLOYEES RETIREMENT BD				
Other Funds	0	0	\$18,027	0
TEACHERS RETIREMENT BD				
Other Funds	0	0	\$8,462	0
DEPARTMENT OF AGRICULTURE				
General Fund	\$31,355	\$92,516	\$42,860	\$35,030
Other Funds	0	\$40,148	\$29,048	0
DEPARTMENT OF INSTITUTIONS				
General Fund	\$221,754	\$341,635	\$255,188	0
Other Funds	0	\$17,232	\$9,599	0
MONTANA DEVELOPMENT CENTER				
General Fund	\$220,361	0	\$316,983	0
Other Funds	0	0	\$1,089	0
CENTER FOR THE AGED				
General Fund	\$51,294	\$50,096	\$67,154	0
Other Funds				
EASTMONT TRAINING CENTER				
General Fund	\$42,418	\$41,618	\$64,714	0
Other Funds				
MOUNTAIN VIEW SCHOOL				
General Fund	\$32,070	\$62,967	\$50,285	0
Other Funds	0	0	\$948	0
PINE HILLS SCHOOL				
General Fund	\$54,678	\$26,804	\$87,587	0
Other Funds	0	0	\$3,714	0
MONTANA STATE PRISON				
General Funds	\$218,791	\$117,376	\$269,545	0
Other Funds	0	0	\$19,200	0
SWAN RIVER YOUTH FOREST CAMP				
General Funds	\$17,341	\$33,530	\$21,833	0
Other Funds	0	0	\$927	0
VETERANS HOME				
General Fund	\$10,353	\$23,836	\$58,844	0
Other Funds				
MONTANA STATE HOSPITAL				
General Fund	\$364,017	\$357,683	\$476,200	0
Other Funds	0	0	\$42,451	0
BD OF PARDONS				
General Funds	\$3,393	\$8,309	\$4,074	0

<u>Agency</u>	<u>FY86</u> <u>2%</u>	<u>Special Session</u> <u>5% Cut</u> <u>FY87</u>	<u>Pay Plan</u>	<u>FY87</u> <u>2%</u>
Other Funds				
MONTANA YOUTH TREATMENT CTR				
General Fund	\$42,714	0	\$124,096	0
Other Funds				
DEPARTMENT OF COMMERCE				
General Fund	\$202,700	\$427,611	\$62,765	\$295,210
Other Funds	0	\$1,378,667	\$179,042	0
LABOR & IND-EMPLOYMENT SERVS				
General Fund	\$30,166	\$36,904	\$27,880	\$19,945
Other Funds	0	0	\$469,265	0
LABOR & IND-WORKERS' COMP.				
General Fund	\$253	0	\$657	\$2,016
Other Funds	0	0	\$132,084	0
ADJUTANT GENERAL				
General Fund	\$37,402	\$93,588	\$29,781	\$36,161
Other Funds	0	0	\$41,399	0
DEPT. OF SOCIAL & REHAB SER				
General Fund	\$1,438,840	\$649,594	\$463,924	\$394,000
Other Funds	0	0	\$411,696	0
GENERAL FUND RESERVE	0	0	\$334,261	0
TOTALS:				
General Fund	\$6,951,590	\$11,607,607	\$8,100,000	\$4,870,308
Other Funds	0	\$8,140,959	\$4,429,045	0
GRAND TOTAL	\$6,951,590	\$19,748,566	\$12,529,045	\$4,870,308

## ADJUSTMENTS TO FISCAL YEAR 1986 BASE BUDGETS:

Several adjustments to the FY86 base budget were made in all agencies to arrive at a recommended budget for the 1989 biennium. The adjustments are discussed below:

### Pay Plan

The Governor's recommendation to the June Special Session was that state employees' pay had to be frozen, or an equivalent number of positions had to be eliminated to reduce the ongoing costs of personal services. OBPP analysts were instructed to remove personal service costs at least equal to the pay increases in FY87 from the agencies' base budgets. Some positive base adjustments were allowed in the Department of Institutions where direct care staff would otherwise have been removed.

### Across-the-Board 5% Cuts

The June Special Session generally accepted the Governor's recommendation to reduce agency FY87 budgets by 5%. OBPP reduced agency budgets by 60% of the across-the-board cut applied by the June Special Session. FY86 budgets had already been reduced by 2% due to the January 1986 Executive Order. By reducing that base budget by an additional 3% (60% of 5%), most agencies' FY86 expenditures and FY87 appropriations should reflect the same level of services. The decision was made to tie the reduction to the action of the June Special Session to more accurately reflect the legislature's intent with regard to which programs should be reduced.

### Other Adjustments

Base adjustments to remove one-time expenditures and accruals were made in addition to the pay plan and 5% adjustments, just as in other bienniums. Positive adjustments were reviewed on a case-by-case basis.

### Inflation

Inflation was not applied to agency budgets as a general rule. The following exceptions were allowed in all budgets.

	Increase from FY86-FY88	Increase from FY86-FY89
Data Processing	-3.5%	-7%
Food and Medical	14%	25%
Communications	12%	19%
Gasoline	(\$0.936) 1%	(\$0.968) 4%
Electricity		
MPC	20%	38%
MDU	9%	11%
Natural Gas		
MPC	2%	5%
MDU	-4%	0%

### Data Processing Rates

The Information Services Division (ISD) of the Department of Administration proposed a major restructuring of rates that resulted in a net savings to user agencies. For the first time a "negative inflation" rate was used for data processing services. There were agencies whose budgets were adversely affected by the restructuring of the rates. ISD provided a list of recommended base adjustments for those agencies to OBPP and to the LFA. The positive base adjustments are included in the Governor's recommendation.

### Vacancy Savings

A uniform 4% vacancy savings rate was applied to all personal service costs in all agencies regardless of size. As long as agencies retain some flexibility for program transfers, the 4% vacancy savings should not cause problems. There are two exceptions to the 4% policy. University system faculty were exempted. Prison guards had a 1.68% vacancy savings applied. That amount was based on the actual historical savings due to hiring new prison guards at a lower step when turnover occurs.

### Workers' Compensation Rates

Agency budgets were prepared based on projected rates and experience modification factors recommended by the Division of Workers' Compensation in August. The division changed rates for all class codes effective January 1, 1986, and will need a significant additional rate increase July 1, 1987, if the legislature does not reform the laws relating to workers' compensation. Budgets have a 12% increase built into workers' compensation rates for July 1, 1987, and an additional 12% as of July 1, 1988. Rates will need to be adjusted based on the action of the legislature. The Department of Institutions is most significantly affected because its personal service costs are largely general fund and its rates are high compared with the rest of state government due to inherent danger of the work.

### PERS Rates

The Governor's proposal includes a reduction of both employers' and employees' contributions to PERS. The recommendation is to establish a 5% rate for the biennium for both contributions. The savings nearly offsets the increased costs resulting from the Workers' Compensation rate increase in January. Unfortunately, the costs and savings do not match agency by agency. If the legislature adopts the Governor's proposal for PERS, benefits rates will have to be adjusted for all agencies.

### Department of Administration Rent

Budgets for agencies within the capitol complex pay "rent" to the Department of Administration. This charge pays for custodial contracts, mechanical contracts and utilities, as well as the staff who are responsible for the physical plant. The charge allows the state to collect monies from non-general fund sources for its share of the costs of "rent." The Governor's Budget recommends a rate of \$3.02 per square foot in FY88 and \$3.15 per square foot in FY89.



Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	60.00	60.00	60.00	60.00
Personal Services	1,627,870.12	1,644,795	1,778,515	1,779,247
Operating Expenses	302,312.56	344,281	303,708	291,206
Equipment	30,592.95	18,550	37,150	28,682
<b>Total Agency Costs</b>	<b>\$1,960,775.63</b>	<b>\$2,007,626</b>	<b>\$2,119,373</b>	<b>\$2,099,135</b>
General Fund	1,094,232.96	1,068,819	1,217,733	1,209,495
State Special Revenue Fund	866,542.67	938,807	901,640	889,640
<b>Total Funding Costs</b>	<b>\$1,960,775.63</b>	<b>\$2,007,626</b>	<b>\$2,119,373</b>	<b>\$2,099,135</b>
Current Level Services	1,960,775.63	2,007,626	2,119,373	2,099,135
<b>Total Service Costs</b>	<b>\$1,960,775.63</b>	<b>\$2,007,626</b>	<b>\$2,119,373</b>	<b>\$2,099,135</b>

### Agency Description

The Office of the Legislative Auditor was established in 1967 and is governed by the Legislative Audit Act, contained in Title 5, Chapter 13, MCA. Article V, Section 10(4) of the Montana Constitution mandates a legislative post-audit function.

The three functional areas of the agency are: Administration, Financial-Compliance Audits, and Performance-Electronic Data Processing (EDP) Audits. An annual statewide financial audit is conducted, as well as, biennial financial-compliance audits of all state agencies. Legislatively requested audits and performance audits are conducted to determine effectiveness, efficiency, and compliance with laws, rules, goals, and objectives. EDP audits are evaluations of data processing systems and controls, and are conducted in conjunction with financial-compliance and performance audits.

The office works under the general supervision of the bipartisan Legislative Audit Committee. The members are evenly divided between the Senate and House of Representatives.

### Budget Issues

The recommended budget for the Legislative Auditor's office is higher in general fund than the agency's request. The Executive Budget recommendation is for the statewide audit to be funded from the general fund. The cost of the statewide audit is estimated to be \$135,600 per year in the upcoming biennium. The agency requested funding the statewide audit from state Special Revenue Funds. Their request involves charging agencies who issue bonds for 100% of this cost.

In the 1987 Biennium the budget for the statewide audit was \$125,000 per year. Funding for the audit was 41% (\$51,250) from general fund, and 59% (\$73,750) from state

special funds. HB500 mandated that the Office of Budget and Program Planning collect the \$73,750 from agencies selling bonds involving non-general fund sources. The intent was to reduce the general fund cost of the statewide audit. The billing procedure for collecting the \$73,750 resulted in a time-consuming exercise and additional paperwork for the involved agencies.

The Executive Budget recommendation is to simplify the collection procedure by adding language to the appropriation bill that mandates that agencies who issue bonds make a payment to the general fund to help defray the costs of the statewide audit.

In accordance with section 17-7-122 (2), MCA, the agency's budget request is shown below. The difference between the Executive Recommendation and the agency's request is the funding source.

	FY88	FY89
Personal Services	\$1,778,515	\$1,779,247
Operating Expenses	303,708	291,206
Equipment	37,150	28,682
<b>TOTAL</b>	<b>\$2,119,373</b>	<b>\$2,099,135</b>
Funding		
General Fund	\$1,082,133	\$1,073,895
Other	1,037,240	1,025,240
<b>TOTAL</b>	<b>\$2,119,373</b>	<b>\$2,099,135</b>

### Legislative Referendum 100 - Lottery

Since Legislative Referendum 100 passed in the November 1986 general election, there will be additional responsibilities placed on the Legislative Auditor's office.

Due to the timing of completion of the Executive Budget book the fiscal impact was unable to be reflected. The agency will present this impact to the 50th Legislature.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	17.50	18.00	17.50	18.00
Personal Services	530,601.30	585,579	604,905	612,936
Operating Expenses	127,190.60	128,973	125,156	167,862
Equipment	81,647.04	6,834	2,750	2,750
<b>Total Agency Costs</b>	<b>\$739,438.94</b>	<b>\$721,386</b>	<b>\$732,811</b>	<b>\$783,548</b>
General Fund	739,438.94	721,386	732,811	783,548
<b>Total Funding Costs</b>	<b>\$739,438.94</b>	<b>\$721,386</b>	<b>\$732,811</b>	<b>\$783,548</b>
Current Level Services	739,438.94	721,386	732,811	783,548
<b>Total Service Costs</b>	<b>\$739,438.94</b>	<b>\$721,386</b>	<b>\$732,811</b>	<b>\$783,548</b>

#### Agency Description

The Legislative Finance Committee and the Office of the Legislative Fiscal Analyst were created and are governed by Title 5, chapter 12, MCA. The office staff are responsible for estimating revenue, analyzing the Executive Budget, assisting the Legislature in the development of the state appropriation bills and assisting individual legislators in

compiling and analyzing financial information. In addition, the staff of the Fiscal Analyst monitor agency operations throughout the biennium and review executive agency actions that have a fiscal impact upon the state.

#### Budget Issues

This budget is presented as submitted by the agency in accordance with section 17-7-122(2), MCA.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	43.50	58.00	44.00	57.50
Personal Services	1,241,079.38	1,525,281	1,323,639	1,611,821
Operating Expenses	874,117.96	564,496	1,691,653	706,587
Equipment	64,591.79	13,141	49,235	14,345
<b>Total Agency Costs</b>	<b>\$2,179,789.13</b>	<b>\$2,102,918</b>	<b>\$3,064,527</b>	<b>\$2,332,753</b>
General Fund	1,859,050.23	2,102,918	2,277,136	2,332,753
State Special Revenue Fund	316,618.02	0	787,391	0
Capital Projects Fund	4,120.88	0	0	0
<b>Total Funding Costs</b>	<b>\$2,179,789.13</b>	<b>\$2,102,918</b>	<b>\$3,064,527</b>	<b>\$2,332,753</b>
Current Level Services	2,179,789.13	2,102,918	3,064,527	2,332,753
<b>Total Service Costs</b>	<b>\$2,179,789.13</b>	<b>\$2,102,918</b>	<b>\$3,064,527</b>	<b>\$2,332,753</b>

### Agency Description

The Legislative Council provides a variety of support services to the Legislature under the general supervision of an eightmember bi-partisan committee composed of four members of the House of Representatives and four members of the Senate. Council services include bill drafting, clerical preparation of bills for introduction using automated equipment, and the engrossing and enrolling of bills; printing and distribution of legislative proceedings, session laws, and journals of the House and Senate, and the preparation of indexes to the same; provision of legislative research and reference services; legal counseling for the legislature; busi-

ness management services; committee staffing; provision of interim investigation authority; service as the agency of interstate cooperation; preparation and publication of the Montana Code Annotated statute text and annotations; and other services as assigned by the Legislature. The Council was established in 1957. Principal statutory authority is found in Title 5, chapters 5 and 11 and Title 1, chapter 11, MCA.

### Budget Issues

This budget is presented as submitted by the agency in accordance with section 17-7-122(2), MCA.

LEGISLATIVE COUNCIL FEED BILL Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	12,956.32	0	0	0
Operating Expenses	149,242.56	0	0	0
<b>Total Program Costs</b>	<b>\$162,198.88</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund	162,198.88	0	0	0
<b>Total Funding Costs</b>	<b>\$162,198.88</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	162,198.88	0	0	0
<b>Total Service Costs</b>	<b>\$162,198.88</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Program Description

The Legislative Council Feed Bill Program provides service support to the Legislature including:

- the printing and distribution of legislative proceedings and other related documents,
- operation of the business office,

- provision of legislative telephones, and
- the operation of the legislative information office.

### Budget Issues

The budget for the 50th Legislative Session's operational costs will be set by the Legislature.

INTERIM STUDIES & CONFERENCES  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	37,026.09	0	0	0
Operating Expenses	159,006.27	70,017	421,502	98,222
<b>Total Program Costs</b>	<b>\$196,032.36</b>	<b>\$70,017</b>	<b>\$421,502</b>	<b>\$98,222</b>
General Fund	188,036.30	70,017	409,502	98,222
State Special Revenue Fund	3,875.18	0	12,000	0
Capital Projects Fund	4,120.88	0	0	0
<b>Total Funding Costs</b>	<b>\$196,032.36</b>	<b>\$70,017</b>	<b>\$421,502</b>	<b>\$98,222</b>
Current Level Services	196,032.36	70,017	421,502	98,222
<b>Total Service Costs</b>	<b>\$196,032.36</b>	<b>\$70,017</b>	<b>\$421,502</b>	<b>\$98,222</b>

**Program Description**

The Interim Studies and Conferences Program exists to process and monitor the expenditures of the various legislative interim committees and conferences. The program has a technical component that represents the service provided by the office in support of the policy component which reflect the legislature's purposes for activities supported by the program. Included in the program are:

- limited support of interim studies activities established under 5-5-202 through 5-5-217, MCA
- support of interstate cooperation activities of the legislature
- support of other legislative activities for which appropriations are made

**Budget Issues**

This budget is presented as submitted by the agency. 17-7-122(2) MCA.

MONTANA CODE ANNOTATED  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	312,438.27	0	775,391	0
Equipment	304.57	0	0	0
<b>Total Program Costs</b>	<b>\$312,742.84</b>	<b>\$0</b>	<b>\$775,391</b>	<b>\$0</b>
State Special Revenue Fund	312,742.84	0	775,391	0
<b>Total Funding Costs</b>	<b>\$312,742.84</b>	<b>\$0</b>	<b>\$775,391</b>	<b>\$0</b>
Current Level Services	312,742.84	0	775,391	0
<b>Total Service Costs</b>	<b>\$312,742.84</b>	<b>\$0</b>	<b>\$775,391</b>	<b>\$0</b>

**Program Description**

The Montana Codes Annotated program supports the publication and distribution of the Montana Code Annotated Statute Text, Annotations, and ancillary publications issued under 1-11-301 and 1-11-303, MCA.

**Budget Issues**

This budget is presented as submitted by the agency. 17-7-122(2) MCA. A biennial appropriation is requested.

LEGISLATIVE COUNCIL  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	41.50	56.00	42.00	55.50
Personal Services	1,191,096.97	1,525,281	1,323,639	1,611,821
Operating Expenses	253,430.86	494,479	494,760	608,365
Equipment	64,287.22	13,141	49,235	14,345
<b>Total Program Costs</b>	<b>\$1,508,815.05</b>	<b>\$2,032,901</b>	<b>\$1,867,634</b>	<b>\$2,234,531</b>
General Fund	1,508,815.05	2,032,901	1,867,634	2,234,531
<b>Total Funding Costs</b>	<b>\$1,508,815.05</b>	<b>\$2,032,901</b>	<b>\$1,867,634</b>	<b>\$2,234,531</b>
Current Level Services	1,508,815.05	2,032,901	1,867,634	2,234,531
<b>Total Service Costs</b>	<b>\$1,508,815.05</b>	<b>\$2,032,901</b>	<b>\$1,867,634</b>	<b>\$2,234,531</b>

**Program Description**

The Legislative Council Program provides for overall policy direction of the agency through the Legislative Council. The

program also provides the personnel required to support the programs of the agency including an executive director and such other personnel necessary to assist in the preparation



of proposed legislative acts and standing and select committee and subcommittee reports and recommendations and to carry out other council activities.

**Budget Issues**

This budget is presented as submitted by the agency.  
17-7-122(2) MCA.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	1.00	.00	.00	.00
Personal Services	260,100.10	0	0	0
Operating Expenses	31,102.11	0	0	0
Equipment	95.61	0	0	0
<b>Total Agency Costs</b>	<b>\$291,297.82</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund	291,297.82	0	0	0
<b>Total Funding Costs</b>	<b>\$291,297.82</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	291,297.82	0	0	0
<b>Total Service Costs</b>	<b>\$291,297.82</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Agency Description**

Article V of the Montana Constitution of 1972 vests legislative power in a Legislature comprised of a Senate and a House of Representatives. The size of the Legislature is provided by law: the Senate has no more than fifty and no fewer than forty members. Members are elected from single member districts for four-year terms. The Legislature is a continuous body that meets at least once each odd-num-

bered year in regular session of not more than ninety legislative days. It may be convened in special session by the Governor or upon written request of a majority of the members.

**Budget Issues**

\$4,400,000 is reserved in the Executive Budget for FY87 Senate and House operations.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	1.00	.00	.00	.00
Personal Services	482,856.54	0	0	0
Operating Expenses	45,168.05	0	0	0
Equipment	647.54	0	0	0
<b>Total Agency Costs</b>	<b>\$528,672.13</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund	528,672.13	0	0	0
<b>Total Funding Costs</b>	<b>\$528,672.13</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	528,672.13	0	0	0
<b>Total Service Costs</b>	<b>\$528,672.13</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Agency Description**

Article V of the Montana Constitution of 1972 vests legislative power in a Legislature comprised of a Senate and a House of Representatives. The size of the Legislature is provided by law: the House has not more than one hundred and no fewer than eighty members. Members of the House are elected from single member districts for two-year terms. The Legislature is a continuous body that meets at least

once each odd-numbered year in regular session of no more than ninety legislative days. It may be convened in special session by the Governor or upon written request of a majority of the members.

**Budget Issues**

\$4,400,000 is reserved in the Executive Budget for FY87 House and Senate operations.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	6.25	6.25	6.25	6.25
Personal Services	163,228.31	170,986	179,752	174,952
Operating Expenses	76,086.28	52,389	84,481	59,490
Equipment	0.00	0	3,000	3,000
<b>Total Agency Costs</b>	<b>\$239,314.59</b>	<b>\$223,375</b>	<b>\$267,233</b>	<b>\$237,442</b>
General Fund	228,391.76	223,375	241,033	237,442
State Special Revenue Fund	10,922.83	0	26,200	0
<b>Total Funding Costs</b>	<b>\$239,314.59</b>	<b>\$223,375</b>	<b>\$267,233</b>	<b>\$237,442</b>
Current Level Services	239,314.59	223,375	267,233	237,442
<b>Total Service Costs</b>	<b>\$239,314.59</b>	<b>\$223,375</b>	<b>\$267,233</b>	<b>\$237,442</b>

**Agency Description**

The Environmental Quality Council was established by the Extraordinary Session of the 42nd Legislature in 1971 to implement provisions of the Montana Environmental Policy Act (MEPA - Title 75, chapter 1, MCA). The council functions as an arm of the Legislature, with the role of anticipating and analyzing the causes of environmental problems and recommending solutions to those problems. The council also

insures that state environmental policy is consistently observed by all state agencies that are concerned with environmental matters. The Legislature assigns interim studies relating to natural resources and economic development to the council. The council also assists the Legislature by staffing natural resource committees during the legislative sessions. In addition, the Environmental Quality Council is assigned by statute the duties of staffing the permanent Water Policy Committee of the Legislature.

ENVIRONMENTAL QUALITY PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	6.25	6.25	6.00	6.00
Personal Services	163,228.31	170,986	174,952	174,952
Operating Expenses	76,086.28	52,389	63,081	59,490
Equipment	0.00	0	3,000	3,000
<b>Total Program Costs</b>	<b>\$239,314.59</b>	<b>\$223,375</b>	<b>\$241,033</b>	<b>\$237,442</b>
General Fund	228,391.76	223,375	241,033	237,442
State Special Revenue Fund	10,922.83	0	0	0
<b>Total Funding Costs</b>	<b>\$239,314.59</b>	<b>\$223,375</b>	<b>\$241,033</b>	<b>\$237,442</b>
Current Level Services	239,314.59	223,375	241,033	237,442
<b>Total Service Costs</b>	<b>\$239,314.59</b>	<b>\$223,375</b>	<b>\$241,033</b>	<b>\$237,442</b>

**Program Description**

The Environmental Quality Council program reviews the policies and programs of Montana state agencies that are concerned with environmental matters and natural resource development and conservation. The Council researches and analyzes environmental trends and problems and recom-

mends ways to improve the state's natural, social, and economic environments.

**Budget Issues**

This budget is presented as submitted by the agency in accordance with section 17-7-122(2), MCA.

WATER POLICY PROGRAM  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.25	.25
Personal Services	0.00	0	4,800	0
Operating Expenses	0.00	0	21,400	0
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$26,200</b>	<b>\$0</b>
State Special Revenue Fund	0.00	0	26,200	0
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$26,200</b>	<b>\$0</b>
Current Level Services	0.00	0	26,200	0
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$26,200</b>	<b>\$0</b>

**Program Description**

The Water Policy program was set up to operate the Water Policy Committee, statutorily created by the 49th Legislature. The Water Policy Committee's duties include advising the legislature on the adequacy of the state's water policy and of important state, regional, national and international developments relating to Montana's water resources; overseeing the policies and activities of the Department of

Natural Resources and Conservation and other entities as they relate to water management; analyzing and commenting on the state water plan, the water development program, water research, and water data management system; and reporting to the legislature each biennium.

**Budget Issues**

This budget is presented as submitted by the agency. A biennial appropriation is requested.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	4.25	4.25	4.25	4.25
Personal Services	168,670.46	192,134	180,205	185,715
Operating Expenses	273,627.20	659,557	669,238	668,238
Equipment	19,018.01	1,000	2,200	2,200
<b>Total Agency Costs</b>	<b>\$461,315.67</b>	<b>\$852,691</b>	<b>\$851,643</b>	<b>\$856,153</b>
State Special Revenue Fund	461,315.67	852,691	851,643	856,153
<b>Total Funding Costs</b>	<b>\$461,315.67</b>	<b>\$852,691</b>	<b>\$851,643</b>	<b>\$856,153</b>
Current Level Services	461,315.67	852,691	851,643	856,153
<b>Total Service Costs</b>	<b>\$461,315.67</b>	<b>\$852,691</b>	<b>\$851,643</b>	<b>\$856,153</b>

#### Agency Description

The Office of the Consumer Counsel was created by Article XIII, Section 2 of the Montana Constitution of 1972. The office is governed by Title 5, chapter 15, MCA and by Title 69, chapters 1 and 2, MCA. The Consumer Counsel is charged with the "duty of representing consumer interest in hearings before the Public Service Commission or any other successor agency." The Consumer Counsel also may initiate, intervene in, or otherwise participate in appropriate proceedings in the state and federal courts and in administrative agencies on behalf of the public of Montana.

The office is not funded with general fund monies, but rather through a Consumer Counsel Tax on all regulated entities under the Public Service Commission's jurisdiction (gas, electric, telephone, waste and sewer utilities; motor carriers and railroads). Title 69 provides for both a base appropriation and a contingency appropriation for expenses resulting from an unanticipated caseload.

#### Budget Issues

This budget is presented as submitted by the agency in accordance with section 17-7-122(2), MCA.

A \$100,000 contingency appropriation for contracted services is included.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	91.24	91.00	90.50	87.00
Personal Services	3,593,339.61	3,589,026	3,647,267	3,537,172
Operating Expenses	806,330.47	954,001	921,453	917,385
Equipment	257,570.38	218,878	241,088	233,038
<b>Total Agency Costs</b>	<b>\$4,657,240.46</b>	<b>\$4,761,905</b>	<b>\$4,809,808</b>	<b>\$4,687,595</b>
General Fund	4,223,720.17	4,193,301	4,281,842	4,183,035
State Special Revenue Fund	424,663.88	568,604	504,366	504,560
Federal & Other Spec Rev Fund	8,856.41	0	23,600	0
<b>Total Funding Costs</b>	<b>\$4,657,240.46</b>	<b>\$4,761,905</b>	<b>\$4,809,808</b>	<b>\$4,687,595</b>
Current Level Services	4,648,384.05	4,761,905	4,809,808	4,687,595
Modified Level Services	8,856.41	0	0	0
<b>Total Service Costs</b>	<b>\$4,657,240.46</b>	<b>\$4,761,905</b>	<b>\$4,809,808</b>	<b>\$4,687,595</b>

**Agency Description**

The Judicial branch of state government is provided for in Article III, Section 1 and Article VII of the 1972 Montana Constitution. In Section II of Article VII, the jurisdiction of the Supreme Court is defined. That jurisdiction consists of all appellate jurisdiction and original jurisdiction in petitions for writs of habeus corpus and other such writs, general supervisory control over all courts, and rule making powers for Montana's courts.

**Policy Issues****Modification Requests**

Budget recommendations for elected official programs do not include funds for modification requests. Each modifi-

cation is described with cost and source of funding detailed. The Executive Budget includes a reserve account to fund legislatively approved elected official modification requests.

It is the Governor's opinion that elected officials should be allowed to present their modification requests directly to the legislature.

**Budget Issues**

Unfunded pay plan and 60% of the June 1986 Special Session 5% reductions are reflected in the program budgets.

A 4% vacancy savings was applied to all programs, excluding elected official positions.

SUPREME COURT OPERATIONS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	32.00	32.00	32.00	28.50
Personal Services	1,007,705.92	990,019	1,006,151	894,439
Operating Expenses	306,739.72	282,959	322,143	312,504
Equipment	29,118.68	5,163	8,050	0
<b>Total Program Costs</b>	<b>\$1,343,564.32</b>	<b>\$1,278,141</b>	<b>\$1,336,344</b>	<b>\$1,206,943</b>
General Fund	1,343,564.32	1,278,141	1,336,344	1,206,943
<b>Total Funding Costs</b>	<b>\$1,343,564.32</b>	<b>\$1,278,141</b>	<b>\$1,336,344</b>	<b>\$1,206,943</b>
Current Level Services	1,343,564.32	1,278,141	1,336,344	1,206,943
<b>Total Service Costs</b>	<b>\$1,343,564.32</b>	<b>\$1,278,141</b>	<b>\$1,336,344</b>	<b>\$1,206,943</b>

**Program Description**

The Supreme Court Operations Program supports the operations of the Supreme Court itself and includes staff and the Clerk of the Supreme Court.

**Budget Issues**

Two associate justice positions sunset December 31, 1988, and their support staff.

**Modification Request**

Salary and fringe benefits for two associate justices whose positions sunset December 31, 1988, and their support staff four law clerks and one secretary. This modified covers a six month period - January 1, 1989 to June 30, 1989. General fund.

Cost: \$114,906 FY89

**BOARDS AND COMMISSIONS**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	46,369.70	49,715	73,233	73,101
Operating Expenses	117,254.73	129,458	127,711	127,751
Equipment	756.00	0	0	0
<b>Total Program Costs</b>	<b>\$164,380.43</b>	<b>\$179,173</b>	<b>\$200,944</b>	<b>\$200,852</b>
General Fund	164,380.43	179,173	200,944	200,852
<b>Total Funding Costs</b>	<b>\$164,380.43</b>	<b>\$179,173</b>	<b>\$200,944</b>	<b>\$200,852</b>
Current Level Services	164,380.43	179,173	200,944	200,852
<b>Total Service Costs</b>	<b>\$164,380.43</b>	<b>\$179,173</b>	<b>\$200,944</b>	<b>\$200,852</b>

**Program Description**

The Boards and Commissions Program staff provide support and supervision of the various boards and commissions appointed or established by the Supreme Court. These boards and commissions perform a variety of services to support jurisprudence within the state, including sentence review, court rule revision, training of court personnel, giving and evaluating bar exams, investigation of complaints

against members of the bench and bar, and recommendations for judicial appointments.

**Budget Issues**

A judicial professional position has been held vacant in order to meet budget reductions. The FY88 and FY89 budgets show the position fully funded.

Increase in contracted services reflects additional needs of the Commission on Practices.

**LAW LIBRARY**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	6.74	6.50	6.50	6.50
Personal Services	168,317.75	156,465	157,785	157,693
Operating Expenses	141,913.03	171,840	155,636	156,679
Equipment	215,537.98	196,215	215,538	215,538
<b>Total Program Costs</b>	<b>\$525,768.76</b>	<b>\$524,520</b>	<b>\$528,959</b>	<b>\$529,910</b>
General Fund	499,131.48	504,826	486,959	511,510
State Special Revenue Fund	17,780.87	19,694	18,400	18,400
Federal & Other Spec Rev Fund	8,856.41	0	23,600	0
<b>Total Funding Costs</b>	<b>\$525,768.76</b>	<b>\$524,520</b>	<b>\$528,959</b>	<b>\$529,910</b>
Current Level Services	516,912.35	524,520	528,959	529,910
Modified Level Services	8,856.41	0	0	0
<b>Total Service Costs</b>	<b>\$525,768.76</b>	<b>\$524,520</b>	<b>\$528,959</b>	<b>\$529,910</b>

**Program Description**

The Law Library program staff are responsible for the operation of the State Law Library. The library is maintained for use by the members of the bar, legislators, state officers and employees, and the general public.

**Budget Issues**

The proposed budget allows this program to maintain its current level of operation.

**Modification Request**

The Law Library is requesting an additional .38 library clerk to coordinate the rental of Continuing Legal Education (CLE) videotapes - 15 hours per week. With a change in the rental fee structure, revenues of \$7700 FY88 and \$8350 FY89 are anticipated. All revenues will be deposited in the general fund to off set the costs of the modification. General fund.

Cost: \$4,822 FY88

\$4,812 FY89



**DISTRICT COURT OPERATIONS**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	36.00	36.00	36.00	36.00
Personal Services	2,072,789.96	2,060,988	2,097,347	2,099,742
Operating Expenses	143,853.98	170,173	160,248	163,988
<b>Total Program Costs</b>	<b>\$2,216,643.94</b>	<b>\$2,231,161</b>	<b>\$2,257,595</b>	<b>\$2,263,730</b>
General Fund	2,216,643.94	2,231,161	2,257,595	2,263,730
<b>Total Funding Costs</b>	<b>\$2,216,643.94</b>	<b>\$2,231,161</b>	<b>\$2,257,595</b>	<b>\$2,263,730</b>
Current Level Services	2,216,643.94	2,231,161	2,257,595	2,263,730
<b>Total Service Costs</b>	<b>\$2,216,643.94</b>	<b>\$2,231,161</b>	<b>\$2,257,595</b>	<b>\$2,263,730</b>

**Program Description**

The District Court Operations Program pays the salaries, travel and judicial education expenses for the 36 district court judges as provided by legislative appropriations.

**Budget Issues**

The proposed budget allows this program to maintain its current level of operation.

The agency requests that expenditure code 1300 - other compensation - be restricted to payments for retired District Court Judges who are called in to hear cases in the event of illness, death or disqualification.

**WATER COURTS SUPERVISION**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	13.50	13.50	13.00	13.00
Personal Services	298,156.28	331,839	312,751	312,197
Operating Expenses	96,569.01	199,571	155,715	156,463
Equipment	12,157.72	17,500	17,500	17,500
<b>Total Program Costs</b>	<b>\$406,883.01</b>	<b>\$548,910</b>	<b>\$485,966</b>	<b>\$486,160</b>
State Special Revenue Fund	406,883.01	548,910	485,966	486,160
<b>Total Funding Costs</b>	<b>\$406,883.01</b>	<b>\$548,910</b>	<b>\$485,966</b>	<b>\$486,160</b>
Current Level Services	406,883.01	548,910	485,966	486,160
<b>Total Service Costs</b>	<b>\$406,883.01</b>	<b>\$548,910</b>	<b>\$485,966</b>	<b>\$486,160</b>

**Program Description**

The Water Courts Supervision Program staff are responsible for the adjudication of claims of existing water rights in Montana and supervision of the distribution of water among the four water divisions.

**Budget Issues**

The total amount expended of the FY86 budget was 72%. The program would have expended its entire budget, but a

lawsuit prevented work on new basins or hearings on some future basins. The agency feels their FY88/89 budget is realistic in comparison to their work plan.

**Modification Request**

The department requests a water master to assist in issuing decrees, hearing objections and processing claims for Indian and federal reserved water rights when the Compact Commission has completed its work. State special.

Cost: \$27,468 FY88      \$27,363 FY89

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	64.08	60.33	57.40	57.90
Personal Services	1,915,316.09	1,927,637	1,902,172	1,914,031
Operating Expenses	910,053.08	1,133,144	849,463	870,688
Equipment	46,204.10	4,200	8,575	2,875
<b>Total Agency Costs</b>	<b>\$2,871,573.27</b>	<b>\$3,064,981</b>	<b>\$2,760,210</b>	<b>\$2,787,594</b>
General Fund	2,229,948.39	2,212,916	2,228,172	2,255,439
State Special Revenue Fund	63,846.83	0	90,000	90,000
Federal & Other Spec Rev Fund	504,028.05	778,315	442,038	442,155
Proprietary Fund	73,750.00	73,750	0	0
<b>Total Funding Costs</b>	<b>\$2,871,573.27</b>	<b>\$3,064,981</b>	<b>\$2,760,210</b>	<b>\$2,787,594</b>
Current Level Services	2,835,240.17	3,064,981	2,760,210	2,787,594
Modified Level Services	36,333.10	0	0	0
<b>Total Service Costs</b>	<b>\$2,871,573.27</b>	<b>\$3,064,981</b>	<b>\$2,760,210</b>	<b>\$2,787,594</b>

**Agency Description**

The Office of the Governor was created upon acceptance of Montana into the United States in 1889 and exists under authority contained in Article VI of the Montana Constitution. The office oversees and directs the activities of the executive branch agencies.

**Budget Issues**

The unfunded pay plan and 60% of the FY87 5% budget cut adjustments were made to the FY86 base at the individual program level prior to adjusting for inflation or base increases.

EXECUTIVE OFFICE PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	24.68	23.18	23.00	23.00
Personal Services	758,611.53	753,843	744,965	745,780
Operating Expenses	452,551.01	521,145	416,862	406,495
Equipment	4,823.11	0	5,700	0
<b>Total Program Costs</b>	<b>\$1,215,985.65</b>	<b>\$1,274,988</b>	<b>\$1,167,527</b>	<b>\$1,152,275</b>
General Fund	1,023,805.87	956,017	952,527	937,275
State Special Revenue Fund	18,000.00	0	90,000	90,000
Federal & Other Spec Rev Fund	174,179.78	318,971	125,000	125,000
<b>Total Funding Costs</b>	<b>\$1,215,985.65</b>	<b>\$1,274,988</b>	<b>\$1,167,527</b>	<b>\$1,152,275</b>
Current Level Services	1,179,652.55	1,274,988	1,167,527	1,152,275
Modified Level Services	36,333.10	0	0	0
<b>Total Service Costs</b>	<b>\$1,215,985.65</b>	<b>\$1,274,988</b>	<b>\$1,167,527</b>	<b>\$1,152,275</b>

**Program Description**

The Executive Office program provides support to the Governor in overseeing and coordinating the activities of the executive branch of Montana State government. The program provides administrative, legal, press, and centralized services support for the offices of the Governor, as well as executive administration of programs of special impact on the citizens and governmental concerns of Montana. Special programs directed through staff efforts in this program include coordination of services for senior citizens, preserving clean water in the Flathead Basin, and coordination of state agency activities relating to reclamation of land and water in the Clark Fork River Basin.

**Budget Issues**

The Coal Tax Advocacy and Commission for Unified State Law activities have been removed from this program. This eliminated the Coal Tax Advocacy .18 FTE.

Water-related studies within the Clark Fork River Basin Coordinating Project will continue. \$50,000 of federal funds have been budgeted for each year of the biennium.

Funds for the federally-mandated Client Assistance Program to assist handicapped individuals are expected to be \$75,000 for each year of the 1989 biennium.

1.00 professional FTE and a .50 clerical FTE were eliminated in addition to the .18 Coal Tax Advocacy FTE for a total program reduction of 1.68 FTE.

**MANSION MAINTENANCE PROGRAM**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	2.15	1.90	1.90	1.90
Personal Services	33,502.35	35,071	37,052	37,087
Operating Expenses	21,845.78	21,771	23,587	24,515
Equipment	170.00	0	0	0
<b>Total Program Costs</b>	<b>\$55,518.13</b>	<b>\$56,842</b>	<b>\$60,639</b>	<b>\$61,602</b>
General Fund	55,518.13	56,842	60,639	61,602
<b>Total Funding Costs</b>	<b>\$55,518.13</b>	<b>\$56,842</b>	<b>\$60,639</b>	<b>\$61,602</b>
Current Level Services	55,518.13	56,842	60,639	61,602
<b>Total Service Costs</b>	<b>\$55,518.13</b>	<b>\$56,842</b>	<b>\$60,639</b>	<b>\$61,602</b>

**Program Description**

The staff of the Mansion Maintenance Program maintains the Governor's official residence.

**Budget Issues**

The proposed budget allows the program to maintain its current level of operation. Utility costs reflect anticipated rate increases.

One position - a custodial worker - was cut from half-time to quarter-time for a .25 FTE program reduction.

**AIR TRANSPORTATION PROGRAM**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	1.00	1.00	1.00	1.00
Personal Services	31,934.59	30,753	32,408	32,536
Operating Expenses	59,008.38	75,155	69,094	71,853
Equipment	199.00	0	0	0
<b>Total Program Costs</b>	<b>\$91,141.97</b>	<b>\$105,908</b>	<b>\$101,502</b>	<b>\$104,389</b>
General Fund	91,141.97	105,908	101,502	104,389
<b>Total Funding Costs</b>	<b>\$91,141.97</b>	<b>\$105,908</b>	<b>\$101,502</b>	<b>\$104,389</b>
Current Level Services	91,141.97	105,908	101,502	104,389
<b>Total Service Costs</b>	<b>\$91,141.97</b>	<b>\$105,908</b>	<b>\$101,502</b>	<b>\$104,389</b>

**Program Description**

The Air Transportation Program provides transportation for the Governor.

**Budget Issues**

The proposed budget allows the program to maintain its current level of operation. Aircraft insurance premiums increased from \$4,280 paid in FY86 to \$10,500 per year in the 1989 biennium.

**OFFICE OF BUDGET & PGM PLANNING**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	18.25	17.25	16.50	17.00
Personal Services	523,504.40	556,809	565,710	576,854
Operating Expenses	176,606.85	208,197	119,075	146,707
Equipment	39,167.94	0	1,875	1,875
<b>Total Program Costs</b>	<b>\$739,279.19</b>	<b>\$765,006</b>	<b>\$686,660</b>	<b>\$725,436</b>
General Fund	665,529.19	691,256	686,660	725,436
Proprietary Fund	73,750.00	73,750	0	0
<b>Total Funding Costs</b>	<b>\$739,279.19</b>	<b>\$765,006</b>	<b>\$686,660</b>	<b>\$725,436</b>
Current Level Services	739,279.19	765,006	686,660	725,436
<b>Total Service Costs</b>	<b>\$739,279.19</b>	<b>\$765,006</b>	<b>\$686,660</b>	<b>\$725,436</b>

**Program Description**

The staff of the Office of Budget and Program Planning (OBPP) assist the Governor in the planning, preparation,

and administration of the state budget, the development and evaluation of alternative program plans for the provision of state government services, and the examination and

improvement of methods of providing services to state citizens. OBPP reviews the total organizational structure of the executive branch, makes recommendations on the transfer of functions between departments or the elimination of unnecessary functions, and formulates and monitors policies in areas of management concerns. Additional functions include: preparation and monitoring of revenue estimates; approving all FTE position additions, deletions and transfers by state agencies; verifying and documenting the accuracy of position actions; and maintaining reconciliation reporting of FTE's per legislative intent. The accuracy of the automated Payroll/Personnel/Position Control system maintained by the Personnel Division of the Department of Administration is also monitored.

#### Budget Issues

One budget analyst position was eliminated in FY87. A .75 administrative clerk position will be eliminated in FY88, but an additional .50 administrative clerk FTE and \$27,632 in operating funds are requested in FY89 for the 51st Legislative Session in 1989.

Contracted services decrease because the statewide audit costs are not budgeted for FY88 and FY89. The 49th Legislature appropriated \$73,500 in proprietary authority to the office of Budget and Program Planning. The language in the appropriation act states the purpose "...is appropriated each year of the biennium from non-general fund sources which the Office of Budget and Program Planning shall distribute, for the sole purpose of paying the Legislative Auditor's charges for the statewide audit, to those agencies who derive a benefit from the statewide audit."

The Executive Budget recommends the cost of the statewide audit be budgeted for with general fund in the Legislative Auditor's budget. In addition, the Executive Budget recommendation is that language be inserted into the appropriation bill to mandate a payment from the agencies, selling non-general fund bonds, to the general fund. This procedure will eliminate billing time by the Legislative Auditor and will allow for non-general fund sources to pay a part of the statewide audit.

#### NORTHWEST REGIONAL POWER ACT Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	7.00	7.00	5.00	5.00
Personal Services	237,535.95	241,449	198,417	198,536
Operating Expenses	90,501.27	213,695	117,621	117,619
Equipment	1,811.05	4,200	1,000	1,000
<b>Total Program Costs</b>	<b>\$329,848.27</b>	<b>\$459,344</b>	<b>\$317,038</b>	<b>\$317,155</b>
Federal & Other Spec Rev Fund	329,848.27	459,344	317,038	317,155
<b>Total Funding Costs</b>	<b>\$329,848.27</b>	<b>\$459,344</b>	<b>\$317,038</b>	<b>\$317,155</b>
Current Level Services	329,848.27	459,344	317,038	317,155
<b>Total Service Costs</b>	<b>\$329,848.27</b>	<b>\$459,344</b>	<b>\$317,038</b>	<b>\$317,155</b>

#### Program Description

The Pacific Northwest Electric Power and Conservation Planning Council was created in accordance with Public Law 96-501, passed by the U.S. Congress on December 5, 1980. The Power Planning Council is made up of two members from each of the states of Montana, Washington, Idaho, and Oregon. It is charged with the development of a twenty-year electric energy plan that will provide an efficient and adequate electric power supply for consumers in the Pacific Northwest and will encourage conservation and develop-

ment of natural resources. This plan will also provide for enhancement of fish populations. House Bill 641 of the 47th Montana State Legislature in 1981 enabled Montana to participate in the Regional Power Planning Council by providing for the appointment by the Governor of two Montana members.

#### Budget Issues

Two positions will be eliminated on June 30, 1987 - an information officer and an administrative aide.

#### LT. GOVERNOR Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	6.00	6.00	6.00	6.00
Personal Services	191,250.42	188,313	202,112	201,855
Operating Expenses	36,846.44	40,283	47,826	48,028
<b>Total Program Costs</b>	<b>\$228,096.86</b>	<b>\$228,596</b>	<b>\$249,938</b>	<b>\$249,883</b>
General Fund	228,096.86	228,596	249,938	249,883
<b>Total Funding Costs</b>	<b>\$228,096.86</b>	<b>\$228,596</b>	<b>\$249,938</b>	<b>\$249,883</b>
Current Level Services	228,096.86	228,596	249,938	249,883
<b>Total Service Costs</b>	<b>\$228,096.86</b>	<b>\$228,596</b>	<b>\$249,938</b>	<b>\$249,883</b>

#### Program Description

As provided in Article VI, Section 4, of the Montana Constitution, the Lieutenant Governor shall perform the duties

provided by law and those delegated to him by the Governor. The Office of the Lieutenant Governor serves as the liaison between state and local governments (56 counties and 127 municipalities). Current priorities include

infrastructure issues and the local voter review process. The Office also handles supervision of Intergovernmental Review Clearinghouse operations, planning for Statehood Centennial activities and occasional special projects.

#### Budget Issues

The proposed budget essentially allows this program to maintain its current level of operation.

#### CITIZENS ADVOCATE OFFICE Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	1.00	1.00	1.00	1.00
Personal Services	32,573.39	31,306	31,575	31,518
Operating Expenses	16,064.12	19,238	16,052	16,052
<b>Total Program Costs</b>	<b>\$48,637.51</b>	<b>\$50,544</b>	<b>\$47,627</b>	<b>\$47,570</b>
General Fund	48,637.51	50,544	47,627	47,570
<b>Total Funding Costs</b>	<b>\$48,637.51</b>	<b>\$50,544</b>	<b>\$47,627</b>	<b>\$47,570</b>
Current Level Services	48,637.51	50,544	47,627	47,570
<b>Total Service Costs</b>	<b>\$48,637.51</b>	<b>\$50,544</b>	<b>\$47,627</b>	<b>\$47,570</b>

#### Program Description

The Citizen's Advocate Office gives Montana's citizens ready access to their state government. The public contacts the Citizens' Advocate Office by toll-free telephone to

obtain information, make suggestions, air complaints, and ask for assistance with problems regarding state government.

#### Budget Issues

The proposed budget allows this program to maintain its current level of operation.

#### MENTAL DIS BD VISITORS Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	79,845.06	90,093	89,933	89,865
Operating Expenses	37,340.80	33,660	39,346	39,419
Equipment	33.00	0	0	0
<b>Total Program Costs</b>	<b>\$117,218.86</b>	<b>\$123,753</b>	<b>\$129,279</b>	<b>\$129,284</b>
General Fund	117,218.86	123,753	129,279	129,284
<b>Total Funding Costs</b>	<b>\$117,218.86</b>	<b>\$123,753</b>	<b>\$129,279</b>	<b>\$129,284</b>
Current Level Services	117,218.86	123,753	129,279	129,284
<b>Total Service Costs</b>	<b>\$117,218.86</b>	<b>\$123,753</b>	<b>\$129,279</b>	<b>\$129,284</b>

#### Program Description

The Mental Disabilities Board of Visitors, established by Section 2-15-211, MCA, protects the right of the mentally ill and the developmentally disabled by reviewing the care and treatment provided by those community mental health centers and state institutions which serve this population. The

Board also provides legal services for the residents at those institutions. The Board performs its duties pursuant to Title 53, Chapters 20 and 21, Part 1, MCA.

#### Budget Issues

The proposed budget allows this program to maintain its current level of operation.

#### STATEHOOD CENTENNIAL OFFICE Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	1.00	.00	.00	.00
Personal Services	26,558.40	0	0	0
Operating Expenses	19,288.43	0	0	0
<b>Total Program Costs</b>	<b>\$45,846.83</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
State Special Revenue Fund	45,846.83	0	0	0
<b>Total Funding Costs</b>	<b>\$45,846.83</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	45,846.83	0	0	0
<b>Total Service Costs</b>	<b>\$45,846.83</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### Program Description

The 1985 Legislative Session created the Montana Statehood Centennial Office and a Montana Statehood Centen-

nial Commission. The purpose of the commission and the office is to encourage the commemoration and celebration

of Montana's 100th anniversary of statehood on November 8, 1989.

**Budget Issues**

The Commission and Office functions have been transferred into a separate agency called the Centennial Commission.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	35.00	31.00	28.50	28.50
Personal Services	677,722.18	663,509	617,435	616,665
Operating Expenses	460,018.20	475,713	527,519	483,926
Equipment	16,435.76	0	0	0
Local Assistance	0.00	30,000	33,000	33,000
Transfers	30,600.00	0	30,600	30,600
<b>Total Agency Costs</b>	<b>\$1,184,776.14</b>	<b>\$1,169,222</b>	<b>\$1,208,554</b>	<b>\$1,164,191</b>
General Fund	861,920.45	859,387	768,950	770,088
State Special Revenue Fund	322,855.69	309,835	439,604	394,103
<b>Total Funding Costs</b>	<b>\$1,184,776.14</b>	<b>\$1,169,222</b>	<b>\$1,208,554</b>	<b>\$1,164,191</b>
Current Level Services	1,184,776.14	1,169,222	1,208,554	1,164,191
<b>Total Service Costs</b>	<b>\$1,184,776.14</b>	<b>\$1,169,222</b>	<b>\$1,208,554</b>	<b>\$1,164,191</b>

**Agency Description**

The office of the Secretary of State, established by Article VI, Section 1 of the Montana Constitution, reviews and maintains public interest records of business, non-profit organizations and secured financial transactions. As the chief election officer of the state, the Secretary of State is responsible for the application, operation and interpretation of all election laws except those pertaining to campaign finance. In addition, maintains the official records of the executive branch and the acts of the Legislature.

**Policy Issues****Modification Requests**

Budget recommendations for elected official programs do not include funds for modification requests. Each modifi-

cation is described with its cost and source of funding detailed. The Executive Budget includes a reserve account to fund legislatively approved elected official modification requests.

It is the Governor's opinion that elected officials should be allowed to present their modification requests directly to the legislature.

**Budget Issues**

Unfunded pay plan and 60% of the June 1986 Special Session 5% reductions are reflected in the program budgets.

A 4% vacancy savings was applied to all programs, excluding elected official positions.

RECORDS MANAGEMENT PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	31.50	27.50	25.00	25.00
Personal Services	590,196.61	577,972	532,182	531,555
Operating Expenses	389,849.52	398,269	406,331	408,455
Equipment	15,261.32	0	0	0
Local Assistance	0.00	30,000	33,000	33,000
<b>Total Program Costs</b>	<b>\$995,307.45</b>	<b>\$1,006,241</b>	<b>\$971,513</b>	<b>\$973,010</b>
General Fund	831,320.45	859,387	738,350	739,488
State Special Revenue Fund	163,987.00	146,854	233,163	233,522
<b>Total Funding Costs</b>	<b>\$995,307.45</b>	<b>\$1,006,241</b>	<b>\$971,513</b>	<b>\$973,010</b>
Current Level Services	995,307.45	1,006,241	971,513	973,010
<b>Total Service Costs</b>	<b>\$995,307.45</b>	<b>\$1,006,241</b>	<b>\$971,513</b>	<b>\$973,010</b>

**Program Description**

The Records Management Program staff are responsible for filing, maintaining, and preserving records of the state and certain public interest records of the private sector — such as corporate charter documents, trade names, assumed business names, and financial statements under the Uniform Commercial Code.

**Budget Issues**

The 1985 Legislature established within the Secretary of State's office a centralized filing system for security interest

liens against agricultural products. The law directs the Secretary to collect and maintain agricultural lien information from agricultural lenders and make the information available to the public. The federal farm bill requires buyers of agricultural products to register with the Secretary of State to receive this information, thereby avoiding "double jeopardy" payments. Filing fees paid by the lenders and buyers recover all costs of the system. The fees will support 24% of the FY88 and FY89 proposed budgets as compared to 16% in FY86. This will result in a general fund savings of \$77,721 in FY88 and \$77,840 in FY89.

An administrative assistant position (1.00 FTE) and office clerk positions (1.50 FTE) were eliminated.

#### Modification Request

The budget recommendations for this program do not include the modification request. The Executive Budget includes a reserve account to fund legislatively approved elected official modification requests.

New services. General fund authority in FY89 to support 1.00 FTE to convert corporate documents to microfilm is requested. Statute requires maintenance and access of these documents. Microfilming would permit preservation of historical documents and improvement in operational efficiency.

FY89 = \$67,491

#### ADMINISTRATIVE CODE PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	3.50	3.50	3.50	3.50
Personal Services	87,525.57	85,537	85,253	85,110
Operating Expenses	70,168.68	77,444	121,188	75,471
Equipment	1,174.44	0	0	0
Transfers	30,600.00	0	30,600	30,600
<b>Total Program Costs</b>	<b>\$189,468.69</b>	<b>\$162,981</b>	<b>\$237,041</b>	<b>\$191,181</b>
General Fund	30,600.00	0	30,600	30,600
State Special Revenue Fund	158,868.69	162,981	206,441	160,581
<b>Total Funding Costs</b>	<b>\$189,468.69</b>	<b>\$162,981</b>	<b>\$237,041</b>	<b>\$191,181</b>
Current Level Services	189,468.69	162,981	237,041	191,181
<b>Total Service Costs</b>	<b>\$189,468.69</b>	<b>\$162,981</b>	<b>\$237,041</b>	<b>\$191,181</b>

#### Program Description

The Administrative Code Program staff execute the duties required of the Office of the Secretary of State under the Montana Administrative Procedures Act. These duties include filing, indexing, organizing for publication, and distributing the administrative rules adopted by state agencies in the Administrative Rules of Montana (ARM) and the Montana Administrative Register (MAR).

#### Budget Issues

Printing costs of \$39,950 were included in each year of the biennium for updates of the Administrative Rules of Montana and Montana Administrative Register. An additional \$30,400 was included in FY88 to reprint complete sets of Administrative Rules of Montana.



Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	4.75	4.75	4.75	4.75
Personal Services	125,196.80	123,951	129,018	128,952
Operating Expenses	14,502.93	12,583	22,621	18,145
<b>Total Agency Costs</b>	<b>\$139,699.73</b>	<b>\$136,534</b>	<b>\$151,639</b>	<b>\$147,097</b>
General Fund	139,651.73	135,584	150,839	146,497
State Special Revenue Fund	48.00	950	800	600
<b>Total Funding Costs</b>	<b>\$139,699.73</b>	<b>\$136,534</b>	<b>\$151,639</b>	<b>\$147,097</b>
Current Level Services	139,699.73	136,534	151,639	147,097
<b>Total Service Costs</b>	<b>\$139,699.73</b>	<b>\$136,534</b>	<b>\$151,639</b>	<b>\$147,097</b>

**Agency Description**

The Office of the Commissioner of Political Practices was created by the 44th Legislature in 1975 for the purpose of monitoring disclosures of financial contributions to and expenditures of Montana political committees and candidates. The office exists under the authority contained in Title 13, chapter 37, MCA. The responsibilities of the office were expanded in 1980 by Initiative 85, to include the registration of lobbyists, their principals' financial reports, and the disclosure of elected officials' business and ownership

interests. The Office of the Commissioner of Political Practices is attached to the Office of the Secretary of State for administrative purposes only.

**Budget Issues**

The \$11,940 total increase of the proposed budget is in printing, in-state travel, and copy machine rental.

The communications budget recommendation decreases to reflect a reduction in personal telephone use.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	60.17	60.00	56.50	56.50
Personal Services	1,323,498.16	1,349,537	1,326,353	1,325,008
Operating Expenses	914,467.16	871,087	889,905	831,609
Equipment	102,703.54	1,000	18,237	288
Local Assistance	11,890,198.39	0	0	0
Transfers	2,070,369.00	0	0	0
<b>Total Agency Costs</b>	<b>\$16,301,236.25</b>	<b>\$2,221,624</b>	<b>\$2,234,495</b>	<b>\$2,156,905</b>
General Fund	1,072,582.81	1,050,115	881,340	832,328
State Special Revenue Fund	9,306,894.81	1,171,509	1,353,155	1,324,577
Federal & Other Spec Rev Fund	5,921,758.63	0	0	0
<b>Total Funding Costs</b>	<b>\$16,301,236.25</b>	<b>\$2,221,624</b>	<b>\$2,234,495</b>	<b>\$2,156,905</b>
Current Level Services	16,301,236.25	2,221,624	2,234,495	2,156,905
<b>Total Service Costs</b>	<b>\$16,301,236.25</b>	<b>\$2,221,624</b>	<b>\$2,234,495</b>	<b>\$2,156,905</b>

#### Agency Description

The Office of the State Auditor, established by Article VI, Section 1 of the Montana Constitution, has statutory duties to superintend the fiscal concerns of the state, suggest plans for improvement and management of public revenues, keep an accounting system of all state funds, and pay into the state treasury all funds and fees received.

The auditor has been responsible for examining the legality of all obligations or claims incurred by state government and issuing warrants for their payment.

The State Auditor, as ex-officio commissioner of insurance, is empowered with duties to license and regulate insurance companies and agents in Montana.

As ex-officio securities commissioner, the auditor and staff regulate and register issuers, broker-dealers, and investment advisors and license the sellers of securities.

The state auditor is director of the state central payroll system. This division is responsible for paying all state employees. Effective July 1, 1983, the entire responsibility for the

Payroll/Position Control/ and Personnel (P/P/P) System resides with this office.

The office is also responsible for distributing police and firemen's retirement funds to local governments.

#### Policy Issues

Budget recommendations for elected official programs do not include funds for modification requests. Each modification is described with cost and source of funding detailed. The Executive Budget includes a reserve account to fund legislatively approved elected official modification requests.

It is the Governor's opinion that elected officials should be allowed to present their requests directly to the legislature.

#### Budget Issues

Unfunded pay plan and 60% of the June 1986 Special Session 5% reductions are reflected in the program budgets.

A 4% vacancy savings was applied to all programs, excluding elected official positions

CENTRAL MGMNT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	9.00	8.00	7.00	7.00
Personal Services	211,522.06	208,123	178,598	178,572
Operating Expenses	78,908.57	141,569	43,943	41,290
Equipment	73,680.15	0	5,713	0
<b>Total Program Costs</b>	<b>\$364,110.78</b>	<b>\$349,692</b>	<b>\$228,254</b>	<b>\$219,862</b>
General Fund	364,110.78	349,692	228,254	219,862
<b>Total Funding Costs</b>	<b>\$364,110.78</b>	<b>\$349,692</b>	<b>\$228,254</b>	<b>\$219,862</b>
Current Level Services	364,110.78	349,692	228,254	219,862
<b>Total Service Costs</b>	<b>\$364,110.78</b>	<b>\$349,692</b>	<b>\$228,254</b>	<b>\$219,862</b>

#### Program Description

The Central Administration Division staff provides the administrative, budgeting, and accounting functions for the State Auditor's Office. It also provides for the deposit and issue of receipts for all fees collected by the Insurance and Securities departments.

#### Budget Issues

Budget reductions in this program reflect one time expenditures related to the office automation project and warrant writing system study.

An administrative assistant position and a data processing control technician position were eliminated.

The State Auditor's Office went through a reorganization during the 1987 biennium. This program - Central Manage-

ment - was previously known as the Administrative Support Program.

AUDIT DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	19.50	20.00	19.50	19.50
Personal Services	393,134.83	400,281	412,424	411,911
Operating Expenses	598,912.15	568,173	610,699	564,655
Equipment	20,400.99	0	3,320	0
<b>Total Program Costs</b>	<b>\$1,012,447.97</b>	<b>\$968,454</b>	<b>\$1,026,443</b>	<b>\$976,566</b>
General Fund	708,472.03	700,423	653,086	612,466
State Special Revenue Fund	303,975.94	268,031	373,357	364,100
<b>Total Funding Costs</b>	<b>\$1,012,447.97</b>	<b>\$968,454</b>	<b>\$1,026,443</b>	<b>\$976,566</b>
Current Level Services	1,012,447.97	968,454	1,026,443	976,566
<b>Total Service Costs</b>	<b>\$1,012,447.97</b>	<b>\$968,454</b>	<b>\$1,026,443</b>	<b>\$976,566</b>

#### Program Description

Fiscal Control and Management Division staff provide direct mailing of State of Montana warrants, replacement of lost or damaged warrants, final storage of cashed warrants.

State Payroll operates a central payroll system for state employees. All payroll warrants for state employees are prepared and issued by this program.

#### Budget Issues

This program is supported by payroll service fees assessed against all state agencies. There will be two appropriations general fund and state special.

The State Auditor's Office went through a reorganization during the 1987 biennium. Central Payroll Division and the Management and Control Program were combined to form the Audit Division consisting of 20 FTE.

One exempt administrative personal staff position was transferred to program 01. A personnel processing technician was transferred from the Personnel Division, Department of Administration. A 0.5 payroll clerk position was transferred from program 03. An administrative clerk position was eliminated. The net result is a decrease of 0.5 FTE for the program.

#### Modification Requests

##### Central Payroll - Position Control

This modified requests changes to the payroll, personnel and position control (PPP) system to allow flexibility in the method of grouping personnel service budgets within a program. This would be especially beneficial to the larger, multi-funded agencies. 64% general fund and 36% state special.

Cost: \$42,800 FY88 only

##### Central Payroll - PPP System On-Line Study

A study will be conducted to determine the feasibility and cost effectiveness of putting payroll, personnel and position control (PPP) system on-line. 64% general fund and 36% state special.

Cost: \$15,000 FY88 only

##### Warrant Replacement System

The forty-ninth Legislature provided funding to the State Auditor's Office for a feasibility study on the replacement of the current warrant writing system. The study was completed September 1986. The agency is now requesting funds for the design, development and implementation of a new system. 63% general fund and 34% state special.

Cost: \$199,250 for the biennium

INSURANCE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	22.67	23.00	21.00	21.00
Personal Services	505,799.08	522,936	505,696	505,112
Operating Expenses	193,183.81	124,169	192,651	185,791
Equipment	5,680.83	1,000	4,056	288
Transfers	347,100.00	0	0	0
<b>Total Program Costs</b>	<b>\$1,051,763.72</b>	<b>\$648,105</b>	<b>\$702,403</b>	<b>\$691,191</b>
State Special Revenue Fund	1,051,763.72	648,105	702,403	691,191
<b>Total Funding Costs</b>	<b>\$1,051,763.72</b>	<b>\$648,105</b>	<b>\$702,403</b>	<b>\$691,191</b>
Current Level Services	1,051,763.72	648,105	702,403	691,191
<b>Total Service Costs</b>	<b>\$1,051,763.72</b>	<b>\$648,105</b>	<b>\$702,403</b>	<b>\$691,191</b>

#### Program Description

The staff of the Insurance Regulation and Licensing Program protect the insurance-buying public by:

requiring that each insurer transacting business in Montana be authorized by a subsisting certificate of authority:

examining the affairs, transactions, accounts, and assets of each authorized insurer to determine whether it is financially solvent;

regulating insurers' and agents' trade practices and prohibiting unfair competition and unfair or deceptive practices;

requiring all agents and solicitors to pass a written examination and be licensed before doing business in the state;

regulating insurance rates to insure that they are not excessive, inadequate, or unfairly discriminatory;

examining and approving before use all forms used by insurers;

collecting all insurance and license fees established by state law; and

allocating money collected from the insurance premium tax to the appropriate funds, as provided by law.

#### Budget Issues

This program is supported by the Insurance Regulatory Trust Account - state special. Any balance in the account at fiscal year end, reverts to the general fund as provided in section 17-2-121, MCA. Therefore, any increase to this budget has a dollar for dollar impact on general fund revenue.

The State Auditor's Office went through a reorganization during the 1987 biennium. This program was previously referred to as program 04 - Insurance Regulation and Licensing.

An administrative officer and an unclassified position were eliminated.

#### Modification Requests

Examiners Office - Administrative Aide 1.00 FTE

An individual is needed to assist the chief examiner and compliance specialist with typing, filing, answering telephones, reviewing and distributing mail. State special.

Cost: \$17,149 FY88 \$15,998 FY89

Legal Unit - Lawyer 0.5 FTE

The department requests the addition of a staff attorney to research legal questions referred to the Legal Unit and to

prepare and prosecute insurance violation cases at the administrative hearing and District Court. State special.

Cost: \$15,342 FY88 \$14,724 FY89

Policyholder Services - Field Investigative Officers 2.00 FTE  
Field investigative officers perform field investigations, audits and examinations to ensure compliance with Montana Insurance Codes. State special.

Cost: \$78,444 FY88 \$76,056 FY89

Insurance Department - Compliance Specialist II 0.5 FTE  
The compliance specialist responds to informational inquiries, investigates and resolves complaints. State special.

Cost: \$11,411 FY88 \$11,370 FY89

Licensing Division - Administrative Aide 1.00 FTE  
The additional FTE would enable the Licensing Division to handle all licensing for the Insurance Department. State special.

Cost: \$17,149 FY88 \$15,998 FY89

Office automation needs include a high speed line printer for data processing output from WANG VS 65 computer and a high speed laser printer for high volume letter quality output. State special.

Cost: \$25,400 FY88 \$2,900 FY89

Additional disk storage for WANG VS 65 computer would be provided with the purchase of a 288 megabyte removable disk drive and back up disks. State special.

Cost: \$16,250 FY88 \$1,250 FY89

Examiners Office - Compliance Specialist II 1.00 FTE  
The compliance specialist directly assists the chief examiner in the financial oversight of insurers operating in Montana. State special.

Cost: \$32,450 FY88 \$31,219 FY89

Examiners Office - Actuary 1.00 FTE

The actuary reviews the adequacy of insurer's loss reserves, evaluates the adequacy and/or appropriateness of premium rate filing, and assists in the examination of insurers located in the state. State special.

Cost: \$59,756 FY88 \$58,416 FY89

SECURITIES	Actual	Budgeted	Recommendation	
Budget Detail Summary	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	9.00	9.00	9.00	9.00
Personal Services	213,042.19	218,197	229,635	229,413
Operating Expenses	43,462.63	37,176	42,612	39,873
Equipment	2,941.57	0	5,148	0
Transfers	1,723,269.00	0	0	0
<b>Total Program Costs</b>	<b>\$1,982,715.39</b>	<b>\$255,373</b>	<b>\$277,395</b>	<b>\$269,286</b>
State Special Revenue Fund	1,982,715.39	255,373	277,395	269,286
<b>Total Funding Costs</b>	<b>\$1,982,715.39</b>	<b>\$255,373</b>	<b>\$277,395</b>	<b>\$269,286</b>
Current Level Services	1,982,715.39	255,373	277,395	269,286
<b>Total Service Costs</b>	<b>\$1,982,715.39</b>	<b>\$255,373</b>	<b>\$277,395</b>	<b>\$269,286</b>

#### Budget Issues

This program is supported by the Securities Regulatory Account state special. Any balance in the account at fiscal year end, reverts to the general fund as provided for in section 30-15-115, MCA. Any increase given to this program has a dollar-for-dollar impact on general fund revenue.

The State Auditor's Office went through a reorganization during the 1987 biennium. This program was previously referred to as program 05 - Investigative Regulation and Licensing.

#### Modification Requests

Legal Unit - Lawyer 0.5 FTE

This modified provides a staff attorney to research legal questions referred to the Legal Unit. The position will prepare and prosecute security violation cases at the administrative hearing and District Court. State special.

Cost: \$15,342 FY88 \$14,724 FY89

A high speed line printer for data processing output from WANG VS 65 computer and a high speed laser printer for

high volume letter quality output are requested for the office automation system. State special.

Cost: \$25,400 FY88 \$2,900 FY89

The department requests the purchase of a 288 megabyte removable disk drive and back up disks to provide additional disk storage for WANG VS 65 computer. State special.

Cost: \$16,250 FY88 \$1,250 FY89

#### Program Description

The staff of the Securities Division are responsible for the administration of the Securities Act of Montana, which protects investors against nefarious and unsubstantial securities schemes.

#### LOCAL ASSISTANCE DISTRIBUTIONS Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	5,009,339.54	0	0	0
<b>Total Program Costs</b>	<b>\$5,009,339.54</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
State Special Revenue Fund	5,009,339.54	0	0	0
<b>Total Funding Costs</b>	<b>\$5,009,339.54</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	5,009,339.54	0	0	0
<b>Total Service Costs</b>	<b>\$5,009,339.54</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### Program Description

Pursuant to Sections 19-10-305, 19-9-702, 19-11-512, 19-12-301, and 19-13-604, MCA, payments are made to the Public Employees Retirement Division (PERD) and to fire and police departments of qualifying Montana cities and

towns. Funds to make payments are received from the premium tax collected on insurance against risks enumerated in 19-11-512, MCA.

#### Budget Issues

These funds are appropriated by statute.

#### FOREST RES & FPGA TO COUNTIES Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	5,921,758.63	0	0	0
<b>Total Program Costs</b>	<b>\$5,921,758.63</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Federal & Other Spec Rev Fund	5,921,758.63	0	0	0
<b>Total Funding Costs</b>	<b>\$5,921,758.63</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	5,921,758.63	0	0	0
<b>Total Service Costs</b>	<b>\$5,921,758.63</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### Program Description

Moneys received from National Forests under the provisions of the Act of May 23, 1908, as amended (16 USC 500) are distributed according to a statement furnished by the United

States Department of Agriculture, Forest Service, showing county distribution.

#### Budget Issues

These funds are appropriated by statute.

#### PENSION ADJ RETIRED FIREMEN Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	959,100.22	0	0	0
<b>Total Program Costs</b>	<b>\$959,100.22</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
State Special Revenue Fund	959,100.22	0	0	0
<b>Total Funding Costs</b>	<b>\$959,100.22</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	959,100.22	0	0	0
<b>Total Service Costs</b>	<b>\$959,100.22</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### Program Description

The Pension Adjustment - Retired Firemen Program is responsible for the distribution to cities and towns of certain

supplemental firemen's retirement system funds under the provisions of 19-11 606, MCA.

#### Budget Issues

These funds are appropriated by statute.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	134.10	134.10	129.60	129.60
Personal Services	3,525,844.18	3,587,270	3,635,458	3,634,998
Operating Expenses	1,722,732.87	1,884,986	1,638,828	1,596,623
Equipment	134,322.45	60,075	37,900	37,900
Local Assistance	205,909,897.01	33,669,498	205,909,897	205,909,897
Grants	3,913,930.71	3,964,879	12,773,694	14,430,969
Transfers	12,131,303.54	34,116,214	48,369,208	40,393,260
<b>Total Agency Costs</b>	<b>\$227,338,030.76</b>	<b>\$77,282,922</b>	<b>\$272,364,985</b>	<b>\$266,003,647</b>
General Fund	46,915,037.33	67,944,008	82,754,609	74,714,961
State Special Revenue Fund	174,638,717.70	2,902,440	181,937,150	183,624,401
Federal & Other Spec Rev Fund	5,784,275.73	6,436,474	7,673,226	7,664,285
<b>Total Funding Costs</b>	<b>\$227,338,030.76</b>	<b>\$77,282,922</b>	<b>\$272,364,985</b>	<b>\$266,003,647</b>
Current Level Services	227,265,878.72	77,282,922	272,364,985	266,003,647
Modified Level Services	72,152.04	0	0	0
<b>Total Service Costs</b>	<b>\$227,338,030.76</b>	<b>\$77,282,922</b>	<b>\$272,364,985</b>	<b>\$266,003,647</b>

### Agency Description

The Superintendent of Public Instruction is an elected official Mandated by Section 1, Article VI. of the Montana Constitution. Section 20-3-106, MCA, states that the Superintendent "...has the general supervision of the public schools and districts of the state." Section 20-7-301, MCA, names the Superintendent as "the governing agent and executive officer" for vocational education in Montana.

The office provides services to Montana's school age children and to teachers in 556 school districts. The staff provides technical assistance in planning, implementing and evaluating educational programs in such areas as teacher preparation, teacher certification, school accreditation, school curriculum, school finance and school law. The staff administers a number of federally funded programs and provides a variety of information services.

### Budget Issues

The budget recommendation for the Office of Public Instruction (OPI) generally reflects the current level of oper-

ation when adjusted for the reductions made by the June 1986 Special Session. Few reductions were made to the FY86 actual level of expenditures, but the funding for the office uses federal funds to the fullest extent possible.

OPI distributes over \$220 million in funding to public schools in Montana. These transfer payments are shown in the Distribution Program. The Executive Budget continues the transfer payments at the level established by the June 1986 Special Session. The Foundation Program is recommended to continue at its current level. With no increase in the foundation schedules, the general fund needed for the Foundation Program will increase from \$32,560,000 in the 1987 biennium to \$75,351,000 in the 1989 biennium due to changes in the other sources of revenue for the Foundation Program. For additional information regarding the Foundation Program, please refer to the separate Public School Support narrative.

CHIEF STATE SCHOOL OFFICER Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	3.00	2.00	3.00	3.00
Personal Services	91,050.41	75,235	93,922	93,762
Operating Expenses	55,713.94	60,532	54,810	46,341
Equipment	537.96	0	0	0
<b>Total Program Costs</b>	<b>\$147,302.31</b>	<b>\$135,767</b>	<b>\$148,732</b>	<b>\$140,103</b>
General Fund	128,187.35	116,696	127,173	127,044
Federal & Other Spec Rev Fund	19,114.96	19,071	21,559	13,059
<b>Total Funding Costs</b>	<b>\$147,302.31</b>	<b>\$135,767</b>	<b>\$148,732</b>	<b>\$140,103</b>
Current Level Services	147,302.31	135,767	148,732	140,103
<b>Total Service Costs</b>	<b>\$147,302.31</b>	<b>\$135,767</b>	<b>\$148,732</b>	<b>\$140,103</b>

### Program Description

The Chief State School Officer Program provides leadership, direction and coordination of services to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing pre-

scribed duties requiring the Superintendent's personal attention or representation. This program's educational services component provides informational, evaluative, planning, data processing and administrative support for basic and vocational programs available in Montana schools at the ele-

mentary, secondary and post-secondary levels. Staff members manage state and federal financial resources for schools; assist school staff directly through on site consultation, research, needs assessments, material development and in-service education; prepare recommendations for school accreditation; and operate a teacher certification program.

#### Budget Issues

This budget unit was maintained at the FY86 level incorporating the reductions made by the June 1986 Special

Session. The FTE level in this program was increased by 1.0 FTE transferred from the vocational education program. Contracts to professionals were reduced \$3,000 from the base level due to the agency hiring one of the contractors as an FTE. Federal and private spending authority reflects the expenses of the publication and sale of education laws. The expenses are anticipated to increase in FY88 due to updating education laws after the 1987 Legislature.

BASIC SKILLS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	37.80	35.80	34.30	34.30
Personal Services	934,456.99	900,589	886,460	887,742
Operating Expenses	318,969.12	299,541	265,084	265,768
Equipment	68,531.34	32,573	33,100	33,100
Transfers	19,221.43	34,802	19,221	19,221
<b>Total Program Costs</b>	<b>\$1,341,178.88</b>	<b>\$1,267,505</b>	<b>\$1,203,865</b>	<b>\$1,205,831</b>
General Fund	939,533.05	882,134	850,309	851,540
State Special Revenue Fund	253,627.56	269,371	260,740	261,334
Federal & Other Spec Rev Fund	148,018.27	116,000	92,816	92,957
<b>Total Funding Costs</b>	<b>\$1,341,178.88</b>	<b>\$1,267,505</b>	<b>\$1,203,865</b>	<b>\$1,205,831</b>
Current Level Services	1,286,696.25	1,267,505	1,203,865	1,205,831
Modified Level Services	54,482.63	0	0	0
<b>Total Service Costs</b>	<b>\$1,341,178.88</b>	<b>\$1,267,505</b>	<b>\$1,203,865</b>	<b>\$1,205,831</b>

#### Program Description

The Basic Instructional Services Department is designed to offer assistance to elementary and secondary schools in the academic disciplines of Math, Science, Computer Education, Social Studies, Language Arts, Reading, Library Science, Art, Music, Indian Education, Second Languages, Driver Education and Safety, Veterans Education, and Health and Physical Education. This department also issues nearly 23,000 teacher certificates and provides administrative assistance to the Board of Public Education for review of teacher training programs for all public and private colleges in Montana. Over 800 public and private schools are accredited each year and a five year rotation of on-site visitations occur for each of these schools. The department provides the schools, other agencies, and private concerns with a state

film library for more than 7,000 films, videotapes, and laser discs, as well as satellite reception.

#### Budget Issues

The recommended budget for this program represents a reduction of 3.5 FTE from the FY86 level. This decrease reflects most of the reduction made by the legislature during the June 1986 Special Session. The program was generally held at the FY86 level of expenditures as requested by the department. This program receives a portion of traffic fines to support the traffic safety program. Federal funds also support driver's education programs, veteran and Indian education programs. The audiovisual library is supported by the general fund and from fees charged for the rental of movies. Equipment in this budget includes two personal computer workstations in each fiscal year at \$3,300 per station, and \$26,000 each year for new and duplicate films.

VOCATIONAL EDUCATION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	17.15	19.15	17.15	17.15
Personal Services	492,129.12	530,384	540,442	539,951
Operating Expenses	87,440.81	140,326	87,299	87,334
Equipment	4,524.08	2,400	3,300	3,300
Transfers	67,647.52	61,119	67,520	67,520
<b>Total Program Costs</b>	<b>\$651,741.53</b>	<b>\$734,229</b>	<b>\$698,561</b>	<b>\$698,105</b>
General Fund	302,457.39	386,132	314,303	313,899
Federal & Other Spec Rev Fund	349,284.14	348,097	384,258	384,206
<b>Total Funding Costs</b>	<b>\$651,741.53</b>	<b>\$734,229</b>	<b>\$698,561</b>	<b>\$698,105</b>
Current Level Services	651,741.53	734,229	698,561	698,105
<b>Total Service Costs</b>	<b>\$651,741.53</b>	<b>\$734,229</b>	<b>\$698,561</b>	<b>\$698,105</b>

#### Program Description

The Department of Vocational Education Services staff provide supervision, leadership and consultant services for local

vocational education programs. The staff assist students, teachers, counselors, and administrators in secondary and

postsecondary vocational-technical schools through evaluations, workshops, and technical assistance.

#### Budget Issues

The recommended budget for the Vocational Education program remains at the 1986 level of expenditures. The department transferred \$55,000 general fund out of this program into Basic Skills and the Superintendent's Office during FY86. This change in department priorities is continued

within the recommended budget for these programs. Personal services expenditures increase from FY86 to FY88 and FY89 because some positions were left vacant during FY86 to generate savings to absorb the savings allocated to this division. All positions have been fully funded in the 1989 biennium. Equipment budgeted for this program includes 1 personal computer workstation in each year of the biennium.

#### ADMINISTRATIVE SERVICES Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	48.30	50.05	47.30	47.30
Personal Services	1,259,887.54	1,299,705	1,302,720	1,302,270
Operating Expenses	581,053.28	624,493	547,505	512,960
Equipment	55,182.56	4,705	0	0
Transfers	106,327.09	120,952	50,000	50,000
<b>Total Program Costs</b>	<b>\$2,002,450.47</b>	<b>\$2,049,855</b>	<b>\$1,900,225</b>	<b>\$1,865,230</b>
General Fund	939,997.05	862,941	834,824	799,053
State Special Revenue Fund	425,272.71	493,326	434,817	435,559
Federal & Other Spec Rev Fund	637,180.71	693,588	630,584	630,618
<b>Total Funding Costs</b>	<b>\$2,002,450.47</b>	<b>\$2,049,855</b>	<b>\$1,900,225</b>	<b>\$1,865,230</b>
Current Level Services	1,984,781.06	2,049,855	1,900,225	1,865,230
Modified Level Services	17,669.41	0	0	0
<b>Total Service Costs</b>	<b>\$2,002,450.47</b>	<b>\$2,049,855</b>	<b>\$1,900,225</b>	<b>\$1,865,230</b>

#### Program Description

The Administrative Services Program staff administer the planning, development, implementation, and evaluation of the Office of Public Instruction programs. This area manages the entire data information system for the office.

The staff also administers and provides consulting service in the areas of equalization aid, transportation, federal impact funding, school food services, legal services, budgeting and accounting. They also allocate and distribute the state equalization aid money and pupil transportation reimbursement.

#### Budget Issues

The recommended budget for the Administrative Services Program is adjusted from the 1986 level because 1.0 FTE clerk position was transferred to the Superintendent's office. Operational expenses are reduced in the 1989 biennium due to hiring a contractor instead of contracting for the service and not funding the one time appropriation for legal services for the under-funded school lawsuit. Audit costs of \$33,600 are included in the FY86 base and at \$36,000 in FY88. Transfer payments are for administrative support of the non-general funded programs.

#### SPECIAL SERVICES Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	27.85	27.10	27.85	27.85
Personal Services	748,320.12	781,357	811,914	811,273
Operating Expenses	323,671.68	407,534	328,802	328,892
Equipment	5,546.51	20,397	1,500	1,500
Transfers	195,168.60	226,865	195,169	195,169
<b>Total Program Costs</b>	<b>\$1,272,706.91</b>	<b>\$1,436,153</b>	<b>\$1,337,385</b>	<b>\$1,336,834</b>
General Fund	131,079.02	141,314	103,845	103,858
Federal & Other Spec Rev Fund	1,141,627.89	1,294,839	1,233,540	1,232,976
<b>Total Funding Costs</b>	<b>\$1,272,706.91</b>	<b>\$1,436,153</b>	<b>\$1,337,385</b>	<b>\$1,336,834</b>
Current Level Services	1,272,706.91	1,436,153	1,337,385	1,336,834
<b>Total Service Costs</b>	<b>\$1,272,706.91</b>	<b>\$1,436,153</b>	<b>\$1,337,385</b>	<b>\$1,336,834</b>

#### Program Description

The function of the Special Services Program is to administer all federal grants except Vocational Education, School Food Services, Veteran's Education and Adult Education. The largest programs are Education for the Handicapped

and Chapter I Chapter II of the Education Consolidation and Improvement Act of 1981, which provide financial assistance to states and local education agencies. Also included in this division are Gifted and Talented, National Origins, Sex Desegregation, Title IX Compliance, Bilingual Education and National Diffusion Network Desegregation.



The division staff provide assistance to local districts in these program areas.

### Budget Issues

The recommended budget for the Special Services program increases approximately \$65,000 in each year of the 1989 biennium when compared with the FY86 level. This program is the recipient of several Federal grants, none of

which require matching funds. Where it was possible, the increase in Federal funds offset an equal amount of general fund, keeping the total program costs at the current level. As a result, general fund expenditures decline approximately \$27,000 per year, while total program costs increase. Personal services increase over the FY86 level because positions were held open in the base year to generate savings to cover the 2% reductions.

### DISTRI TO PUB SCH PGM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	355,884.04	352,560	355,328	355,328
Local Assistance	205,909,897.01	33,669,498	205,909,897	205,909,897
Grants	3,913,930.71	3,964,879	12,773,694	14,430,969
Transfers	11,742,938.90	33,672,476	48,037,298	40,061,350
<b>Total Program Costs</b>	<b>\$221,922,650.66</b>	<b>\$71,659,413</b>	<b>\$267,076,217</b>	<b>\$260,757,544</b>
General Fund	44,473,783.47	65,554,791	80,524,155	72,519,567
State Special Revenue Fund	173,959,817.43	2,139,743	181,241,593	182,927,508
Federal & Other Spec Rev Fund	3,489,049.76	3,964,879	5,310,469	5,310,469
<b>Total Funding Costs</b>	<b>\$221,922,650.66</b>	<b>\$71,659,413</b>	<b>\$267,076,217</b>	<b>\$260,757,544</b>
Current Level Services	221,922,650.66	71,659,413	267,076,217	260,757,544
<b>Total Service Costs</b>	<b>\$221,922,650.66</b>	<b>\$71,659,413</b>	<b>\$267,076,217</b>	<b>\$260,757,544</b>

### Program Description

The Distribution to Public Schools Program is used by the Office of Public Instruction to distribute various funds to local education agencies. The "pass-through" funds contained in this budget include the state's share of public school support, special education, transportation, school lunch, adult basic education, gifted and talented, secondary vocational education, and traffic safety funds.

### Budget Issues

The Distribution Program reflects transfer of funds to local school districts. These transfers include the Foundation Pro-

gram payments, Adult Basic Education allocations, Millage and Coal Tax allocations to the Vo Tech Centers, and various federal pass-through funds. The Local Assistance category reflects the Foundation payments.

The Executive Request maintains the Foundation Program at the level established by the June 1986 Special Session. Although the Foundation Program schedules will not increase, the general fund needed to fund the current level will increase from \$32.56 million in the 1987 biennium to \$75.35 million in the 1989 biennium due to the decline in other revenue sources. The table below displays anticipated revenues and expenditures for the Foundation Program.

PUBLIC SCHOOL SUPPORT  
(FIGURES IN MILLIONS)

	FY 86	FY 87	FY 88	FY 89
SCHEDULE INCREASE IN PERCENT	4.00%	1.00%	0.00%	0.00%
MAX. GF BUDGET WITHOUT VOTE	282.165904	283.934000	285.435000	286.185000
% CHANGE	4.11%	0.63%	0.53%	0.26%
STATE REVENUE				
INCOME TAX	43.054033	48.337000	52.022000	57.498000
CORPORATION TAX	13.236255	10.374000	12.038000	13.383000
COAL TAX	4.210861	10.452000	13.215000	12.002000
INTEREST & INCOME	37.301053	34.960000	32.710000	33.316000
US OIL & GAS ROYALTIES	12.629639	16.036000	16.138000	17.620000
EDUCATION TRUST INTEREST	7.759479	7.610000	6.300000	6.353000
MISCELLANEOUS	0.000000			
COUNTY LEVY SURPLUS	18.344046			
TOTAL STATE	136.535366	127.769000	132.423000	140.172000
% CHANGE	-19.44%	-6.42%	3.64%	5.85%
STATEWIDE TAXABLE VALUATION	2370.133000	2266.402000	1997.193000	2024.661000
% CHANGE	1.68%	-4.38%	-11.88%	1.38%
COUNTY REVENUE				
45 MILLS	88.311954	101.988100	89.874000	91.110000
ELEMENTARY TRANSPORTATION	-3.626615	-3.627000	-3.627000	-3.627000
CASH REAPPROPRIATED	3.018776	3.906000	1.125000	0.492000
FOREST FUNDS	1.119352	1.119000	1.119000	1.119000
TAYLOR GRAZING	0.117681	0.118000	0.118000	0.118000
MISCELLANEOUS	6.045683	6.624000	6.624000	6.624000
HIGH SCHOOL TUITION	-0.760577	-0.761000	-0.761000	-0.761000
TOTAL COUNTY	94.226254	109.367000	94.472000	95.075000
% CHANGE	1.63%	16.07%	-13.62%	0.64%
DISTRICT REVENUE				
PERMISSIVE LEVY	17.674084	16.901000	14.893000	15.098000
LIGHT VEHICLE REPLACEMENT	1.395710	1.273000	1.170000	1.214000
TOTAL DISTRICT	19.069794	18.174000	16.063000	16.312000
% CHANGE	3.95%	-4.70%	-11.62%	1.55%
TOTAL STATE,COUNTY,DISTRICT	249.831414	255.310000	242.959000	251.559000
% CHANGE	-10.94%	2.19%	-4.84%	3.54%
BEGINNING FUND BALANCE	25.636321	1.194000	0.000000	0.000000
TOTAL REVENUE	249.831414	255.310000	242.959000	251.559000
TOTAL AVAILABLE	275.467735	256.504000	242.959000	251.559000
TOTAL COST	282.165904	283.934000	285.435000	286.185000
ENDING FUND BALANCE	1.193619	-27.430000	-42.476000	-34.626000
GENERAL FUND APPROPRIATED	32.560000	27.906000		
GENERAL FUND REQUIRED	4.654304	27.430000	42.476000	34.626000
GF BALANCE FORWARD/REVERSION	27.905696	0.476000		

The additional general fund transfers for the Foundation Program are reflected in the increase seen in the transfer expenditure category. General fund is transferred internally to the equalization account before being distributed to local school districts. General Fund transfers to fund to the current level foundation program are budgeted at \$42.475 million in FY88 and \$34.626 million in FY89.

The FY86 level shown for grants reflects the distribution of federal funds to public schools. The recommended budget includes authority totalling \$5,310,469 in FY88 and

\$5,114,193 in FY89 due to expected increases in federal pass-through funds. In addition, anticipated proceeds from the state lottery are included in this item at \$7.28 million in FY88 and \$9.11 million in FY89. The initiative approved by the voters in November, 1986 specified all revenue remaining after administrative costs and prizes be passed through to school districts on the basis of each district's average number belonging (ANB, which is a measurement of enrollment). The additional revenue is to fund a portion of the costs of teachers' retirement.

Transfer payments include two components. First, general fund, county millage, and Vo-Tech Center coal tax allocation are reflected in this expenditure. Secondly, general fund that is needed to fund the foundation program needs is shown in this item. This allows a transfer to a state special revenue account for distribution to local school districts. This item increases substantially from the FY86 level because other foundation revenue sources have declined. The Foundation Program narrative in the revenue section of the Executive Budget provides additional detail on this issue.

### Special Education

The Executive budget maintains the Special Education budget at the level approved by the June, 1986 Special session of \$27,361,646 in each year of the 1989 biennium. The special education contingency level is maintained at \$400,000 per year.

### Transportation

The Executive recommendation for School Transportation is \$5,781,000 in each year of the biennium. This level of funding represents the level approved by the June 1986 Special session.

This level of funding may be insufficient to fully fund the existing transportation reimbursement schedules, requiring the Office of Public Instruction to prorate the reimbursements to fit within the appropriation.

### School Lunch

The recommended level of funding for School Lunch is \$622,250, again the level established by the June 1986 Special session. This program requires a state match to receive the Federal funds but the total state match is intact because funds at the local district are eligible to be counted toward the state match. Federal funding will remain at the current level and is not in jeopardy due to this reduction of general fund.

### Gifted and Talented

The Gifted and Talented Program is recommended at the 1987 current level of \$95,000 per year.

### Secondary Vocational Education

The Executive budget includes \$400,000 per year for pass through of Secondary Vo Ed funds. This amount reflects the level established by the June 1986 Legislature.

### State Impact Payments

This is a payment in lieu of taxes for school districts that include State Institutions. The Office of Public Instruction has requested and the Executive budget includes \$5,000 per year for this purpose.

### Special Narrative

The 1989 biennium budget requests for the five area Vocational Technical Centers were prepared using the formula developed by the Legislative Finance Committee and used by the Legislature since the 1983 biennium. The formula is used to derive the budgets for the Instruction and Support Programs at each center. The incremental budgeting process is used to determine the Plant Operation and Maintenance budget at each center.

The instruction cost component of the formula for the centers is determined by a flat rate per student FTE and the projected enrollment of each center. Enrollment is measured in terms of Full Time Equivalent (FTE) students where 1 FTE student is the equivalent of 1000 contact hours in a school year. The 1986 regular session based the instruction

component on \$2,016 per student FTE in 1986 and \$2,080 per student FTE in 1987. The requested budget reflects reductions to this level equal to the changes enacted by the June 1986 Special Session plus the loss of the pay plan to the centers. The Executive budget request assumes an instruction cost component factor of \$2,007 per FTE for each year of the 1989 biennium. This includes \$1,774 for personal services expenses and \$233 for operating cost for each FTE student. Variable equipment items (those which cost less than \$1,000) were budgeted at the 1987 biennium level of \$33 per student FTE.

The support cost component of the formula for Vo Tech funding contains both personal services and operating costs related to administrators, student services, and instruction supervision. Again, the Executive budget uses the formula developed by the Legislative Finance Committee. The number of support staff that are funded under the formula are derived from the number of student FTE that are projected to attend the centers. The number of support staff that will be supported by state funds is determined by applying ratios in the formula that designate the number of support staff per student FTE. These staff are compensated with a system wide average salary that has been adjusted for the FY 1987 pay plan. The state supported salaries and allowable FTE ratios are shown below in Table 1.

TABLE 1  
State Supported FTE at Vo Tech Centers

Position	State Supported Salary	State Supported FTE
<u>Administration</u>		
Director	\$52,704	1 per center
Asst. Director	52,693	1 per center
<u>Support</u>		
Chief Accountant	44,565	1 per center
Counselor	33,347	1 per 300 students
Librarian	22,805	1 per center
Head Custodian	based on system wide average	1 per center
Custodian	adjusted for pay plan	1 per 35,000 gross square feet

From the projected enrollment, the support staff for each center can be derived from Table 1. The operating costs for support are a dollar amount per FTE support staff. The operating costs per FTE were \$5,345. After adjusting for the reductions made by the June 1986 Special Session, the operating costs factor was reduced to \$5,069 per support staff FTE.

The Plant budgets consists of personal services and operating expenses. Personal services represents a system-wide average for Plant personnel and have been adjusted to reflect the 1987 pay plan. The number of FTE supported by state funds is dependent upon the gross square footage of the facility. Although a facility may employ a greater number of FTE, the State supports only 1 FTE per 3,500 square feet in addition to 1 head custodian at each facility. The executive budget maintains this level of state supported FTE. The operating expenses allowed for the Plant budget is an incremental budget and is determined by examining historical expenditures and making necessary adjustments. All Plant budgets have been increased to adjust for anticipated increase in utility rates. There were no other adjustments made in the Plant operating expense budgets.

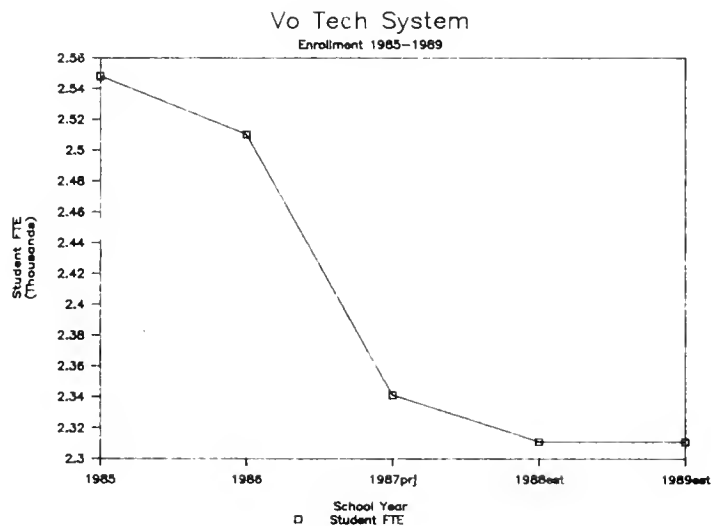
Throughout the programs and the Tech Centers, facilities are free to supplement any program with locally raised revenue that comes from the voted levy for school budgets. These expenditures are reduced from the base and the Executive budget does not replace local revenues with state funds in any program or center.

Review of past and current enrollments of the centers indicates that past budgets have been based upon inflated enrollment projections. The Executive budget includes enrollment projections that represent the average of school years 1985, 1986, and the projected level of 1987. These enrollments are displayed in the following table.

Table 1  
Vo Tech Center Enrollments  
1985-1989

Center	1985 Actual	1986 Actual	1987 Proj.	1988 Bud- geted	1989 Bud- geted
Billings	497	489	481	481	481
Butte	403	406	414	400	400
Great Falls	408	391	426	410	410
Helena	665	647	531	531	531
Missoula	575	577	489	489	489
System Total	2,548	2,510	2,341	2,311	2,311

As can be seen from Table 1 and the graphic presentation below, the systemwide enrollment has declined consistently since FY85. The Executive request reflects this decline in enrollment.



The Executive budget holds the enrollment for each center at the projected 1987 level except when the center requested a lower enrollment. The 1987 level was projected by determining the relationship between the fall quarter and the total school year enrollment for school years 1984-1986. This average relationship was applied to the actual Fall 1987 enrollment at each center.

Table II  
Vo Tech Center Funding

#### Fiscal Year 1988

	Billings	Butte	Gr. Falls	Helena	Missoula	1988 Total
Millage	\$341,654	\$58,026	\$141,759	\$106,221	\$176,162	\$823,823
Tuition	\$324,675	\$270,000	\$276,750	\$358,425	\$330,075	\$1,559,925
Coal Tax	\$161,667	\$134,443	\$137,804	\$178,473	\$164,356	\$776,742
Federal	\$33,255	\$68,662	\$121,000	\$55,096	\$326,987	\$605,000
Gen Fund	\$681,442	\$729,633	\$733,295	\$1,100,983	\$716,380	\$3,961,733
Total Fund	\$1,542,693	\$1,260,764	\$1,410,608	\$1,799,198	\$1,713,960	\$7,727,223

#### Fiscal Year 1989

	Billings	Butte	Gr. Falls	Helena	Missoula	1989 Total
Millage	\$349,002	\$59,249	\$145,196	\$111,229	\$179,787	\$844,463
Tuition	\$339,105	\$282,000	\$289,050	\$374,355	\$344,745	\$1,629,255
Coal Tax	\$163,332	\$135,827	\$139,223	\$180,311	\$166,049	\$784,742
Federal	\$33,255	\$68,662	\$121,000	\$55,096	\$326,987	\$605,000
Gen Fund	\$647,002	\$700,463	\$704,245	\$1,065,391	\$689,045	\$3,806,145
Total Fund	\$1,531,696	\$1,246,201	\$1,398,714	\$1,786,381	\$1,706,613	\$7,669,605

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	49.69	49.69	50.19	50.19
Personal Services	1,549,418.07	1,332,752	1,183,018	1,183,018
Operating Expenses	377,670.21	368,326	343,802	332,805
Equipment	73,643.82	35,915	15,873	15,873
<b>Total Agency Costs</b>	<b>\$2,000,732.10</b>	<b>\$1,736,993</b>	<b>\$1,542,693</b>	<b>\$1,531,696</b>
Current Unrestricted Fund	2,000,732.10	1,736,993	1,542,693	1,531,696
<b>Total Funding Costs</b>	<b>\$2,000,732.10</b>	<b>\$1,736,993</b>	<b>\$1,542,693</b>	<b>\$1,531,696</b>
Current Level Services	2,000,732.10	1,736,993	1,542,693	1,531,696
<b>Total Service Costs</b>	<b>\$2,000,732.10</b>	<b>\$1,736,993</b>	<b>\$1,542,693</b>	<b>\$1,531,696</b>

**Agency Description**

The Billings Vocational Technical Center's primary objectives are to prepare postsecondary students for employment

and to provide trained workers for employment opportunities. The Billings Center staff provide vocational-technical training in agricultural, business, health, home economics, office, technical, and trade/industrial occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	32.90	32.90	34.95	34.95
Personal Services	966,048.64	915,739	774,958	774,958
Operating Expenses	97,532.53	114,188	78,246	78,246
Equipment	73,643.82	35,915	15,873	15,873
<b>Total Program Costs</b>	<b>\$1,137,224.99</b>	<b>\$1,065,842</b>	<b>\$869,077</b>	<b>\$869,077</b>
Current Unrestricted Fund	1,137,224.99	1,065,842	869,077	869,077
<b>Total Funding Costs</b>	<b>\$1,137,224.99</b>	<b>\$1,065,842</b>	<b>\$869,077</b>	<b>\$869,077</b>
Current Level Services	1,137,224.99	1,065,842	869,077	869,077
<b>Total Service Costs</b>	<b>\$1,137,224.99</b>	<b>\$1,065,842</b>	<b>\$869,077</b>	<b>\$869,077</b>

**Program Description**

The Instruction Program of the Billings Vocational Technical Center includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of the institution's instruction program which includes related occupational and vocational-technical instruction.

1986 Special Session, the result is a reduction in funding of \$268,147 per year for the instruction component of the Vo-Tech Center. The recommended budget also includes variable equipment which is derived from the funding formula and is based on \$33 per FTE student.

**Budget Issues**

The Billings Vo-Tech Center has had lower enrollment than was budgeted for the past two bienniums. The projected enrollment for the 1989 biennium is 481, compared with 511 anticipated by the 1985 Legislature. When this lower enrollment is coupled with the reductions made by the June

**Modification Requests**

The Billings Vo-Tech Center requests a general fund appropriation totalling \$160,000 over the biennium for capital equipment purchases. This modification is not included in the above request. The Executive Budget includes a reserve to fund modifications requested by elected officials that are approved by the legislature.

PLANT OPERATION & MAINTENANCE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	4.50	4.50	3.63	3.63
Personal Services	75,568.05	91,175	78,529	78,529
Operating Expenses	175,139.12	197,977	184,334	193,337
<b>Total Program Costs</b>	<b>\$250,707.17</b>	<b>\$289,152</b>	<b>\$262,863</b>	<b>\$271,866</b>
Current Unrestricted Fund	250,707.17	289,152	262,863	271,866
<b>Total Funding Costs</b>	<b>\$250,707.17</b>	<b>\$289,152</b>	<b>\$262,863</b>	<b>\$271,866</b>
Current Level Services	250,707.17	289,152	262,863	271,866
<b>Total Service Costs</b>	<b>\$250,707.17</b>	<b>\$289,152</b>	<b>\$262,863</b>	<b>\$271,866</b>

**Program Description**

The Plant Operations and Maintenance Program of the Billings Vocational Technical Center includes expenditures of

current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance related to

the grounds and typically includes facilities, utilities, fire protection, property insurance and janitorial services.

#### Budget Issues

The budget recommendation for Plant Operations and Maintenance remains at the current level. This budget represents an increase from the FY86 base due to salary increases under the pay plan authorized by the Legislature for FY87, and for anticipated increases in utility rates. The number of

FTE authorized by the funding formula is determined by the number of square feet that must be maintained at each center. The actual FTE shown in FY86, 4.5, is greater than the amount supported by state funds. Although the center is allowed to hire additional FTE, these must be paid for from the local voted levy. The Executive Recommendation represents the FTE supported under the Vo-Tech funding formula.

SUPPORT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	12.29	12.29	11.61	11.61
Personal Services	393,131.28	325,838	329,531	329,531
Operating Expenses	104,998.56	56,161	81,222	61,222
<b>Total Program Costs</b>	<b>\$498,129.84</b>	<b>\$381,999</b>	<b>\$410,753</b>	<b>\$390,753</b>
Current Unrestricted Fund	498,129.84	381,999	410,753	390,753
<b>Total Funding Costs</b>	<b>\$498,129.84</b>	<b>\$381,999</b>	<b>\$410,753</b>	<b>\$390,753</b>
Current Level Services	498,129.84	381,999	410,753	390,753
<b>Total Service Costs</b>	<b>\$498,129.84</b>	<b>\$381,999</b>	<b>\$410,753</b>	<b>\$390,753</b>

#### Program Description

The Support Program of the Billings Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration, personnel development and support for course and curriculum development.

#### Budget Issues

The recommended budget for Support represents a decline of \$87,376 in FY88 and \$107,377 in FY89 from the FY86

level. FY86 and FY88 expenditures include an audit at \$20,000. The decline is due to the reduction in the budgeted enrollment, and the reduction of expenses attributable to the voted levy. The FY86 expenditures reflected an anticipated enrollment of 511, although only 489 FTE students actually enrolled. Using the projected enrollment of 481 for the 1989 biennium, the funding formula reduces the budget by the amount shown above.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	35.73	35.73	32.91	32.91
Personal Services	1,296,375.03	1,087,948	1,004,619	1,004,619
Operating Expenses	272,355.83	246,124	256,145	241,582
Equipment	14,110.00	14,940	0	0
<b>Total Agency Costs</b>	<b>\$1,582,840.86</b>	<b>\$1,349,012</b>	<b>\$1,260,764</b>	<b>\$1,246,201</b>
Current Unrestricted Fund	1,582,840.86	1,349,012	1,260,764	1,246,201
<b>Total Funding Costs</b>	<b>\$1,582,840.86</b>	<b>\$1,349,012</b>	<b>\$1,260,764</b>	<b>\$1,246,201</b>
Current Level Services	1,582,840.86	1,349,012	1,260,764	1,246,201
<b>Total Service Costs</b>	<b>\$1,582,840.86</b>	<b>\$1,349,012</b>	<b>\$1,260,764</b>	<b>\$1,246,201</b>

**Agency Description**

The Butte Postsecondary Vocational Technical Center's primary objectives are to prepare students for employment and

to provide trained workers for Montana's employers. The Butte Vo-Tech staff provide vocational training in business, health, office, technical, and trade/industrial occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	21.64	21.64	20.40	20.40
Personal Services	765,980.78	698,756	627,996	627,996
Operating Expenses	99,511.31	102,920	81,604	81,604
Equipment	14,110.00	14,940	0	0
<b>Total Program Costs</b>	<b>\$879,602.09</b>	<b>\$816,616</b>	<b>\$709,600</b>	<b>\$709,600</b>
Current Unrestricted Fund	879,602.09	816,616	709,600	709,600
<b>Total Funding Costs</b>	<b>\$879,602.09</b>	<b>\$816,616</b>	<b>\$709,600</b>	<b>\$709,600</b>
Current Level Services	879,602.09	816,616	709,600	709,600
<b>Total Service Costs</b>	<b>\$879,602.09</b>	<b>\$816,616</b>	<b>\$709,600</b>	<b>\$709,600</b>

**Program Description**

The Instruction Program of the Butte Vocational Technical Center includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of the institution's instructional program which includes related occupational, and vocational instruction.

**Budget Issues**

Due to declining enrollment, the Instruction budget for Butte Vo-Tech drops from the FY86 level by \$170,002 in each year of the 1989 biennium. The FY86 budget was based on anticipated enrollment of 415 FTE students, while the 1988-89 Executive Budget reflects an enrollment of 400

FTE students as projected by the Vo-Tech Center. In addition, the formula factors used represent the reductions enacted by the June 1986 Special Session. The actual enrollment experienced in FY86 was 406. The equipment recommended in the budget is derived from the formula and is dependent on the projected enrollment.

**Modification Request**

The Butte Vo-Tech Center has requested capital equipment totalling \$94,014 over the biennium. The Executive Budget includes a reserve for funding modifications requested by elected officials, and is not included in the recommended budget above. This equipment request will be presented to the subcommittee by the center.

PLANT OPERATION & MAINTENANCE  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	3.75	3.75	3.80	3.80
Personal Services	110,419.84	75,979	78,448	78,448
Operating Expenses	99,197.65	94,624	87,315	92,752
<b>Total Program Costs</b>	<b>\$209,617.49</b>	<b>\$170,603</b>	<b>\$165,763</b>	<b>\$171,200</b>
Current Unrestricted Fund	209,617.49	170,603	165,763	171,200
<b>Total Funding Costs</b>	<b>\$209,617.49</b>	<b>\$170,603</b>	<b>\$165,763</b>	<b>\$171,200</b>
Current Level Services	209,617.49	170,603	165,763	171,200
<b>Total Service Costs</b>	<b>\$209,617.49</b>	<b>\$170,603</b>	<b>\$165,763</b>	<b>\$171,200</b>

**Program Description**

The Plant Operations and Maintenance Program of the Butte Vocational Technical Center includes expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance related to the grounds and typically includes facilities, utilities, fire protection, property insurance, and janitorial services.

**Budget Issues**

The recommended budget for the Plant Operations of the Butte Vo Tech Center appears to decline from the FY86 level. However, the recommended budget keeps this unit at the same level appropriated by the 1985 Legislature, including the pay plan increase approved for FY87 and includes anticipated increases for utility rates. The FY86 expenditure level is substantially higher because the center used funds raised from a local school district levy to supplement the budget approved by the legislature. This supplement has not been replaced with state funds in the Executive Budget.

SUPPORT  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	10.34	10.34	8.71	8.71
Personal Services	413,415.49	313,213	298,175	298,175
Operating Expenses	73,646.87	48,580	87,226	67,226
<b>Total Program Costs</b>	<b>\$487,062.36</b>	<b>\$361,793</b>	<b>\$385,401</b>	<b>\$365,401</b>
Current Unrestricted Fund	487,062.36	361,793	385,401	365,401
<b>Total Funding Costs</b>	<b>\$487,062.36</b>	<b>\$361,793</b>	<b>\$385,401</b>	<b>\$365,401</b>
Current Level Services	487,062.36	361,793	385,401	365,401
<b>Total Service Costs</b>	<b>\$487,062.36</b>	<b>\$361,793</b>	<b>\$385,401</b>	<b>\$365,401</b>

**Program Description**

The Support Program of the Butte Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development, and support for course and curriculum development.

**Budget Issues**

The Support budget for the center is lower than FY86 level for two reasons. First, the FY86 enrollment that was antici-

pated by the 1985 Legislature was 415, and the center projects the enrollment will be 400 FTE students in the 1989 biennium. Due to lower enrollment, the formula will produce a lower level of funding. Second, it appears that the center salaries shown as the FY86 expenditures for support staff are somewhat higher than those allowed under the formula, which represent the system-wide average. Both FY86 and FY88 include audit expenses at \$20,000.



Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	47.32	47.32	48.00	48.00
Personal Services	1,450,706.39	1,164,032	1,086,856	1,086,856
Operating Expenses	242,274.11	233,233	228,222	216,328
Equipment	45,365.60	48,153	95,530	95,530
<b>Total Agency Costs</b>	<b>\$1,738,346.10</b>	<b>\$1,445,418</b>	<b>\$1,410,608</b>	<b>\$1,398,714</b>
Current Unrestricted Fund	1,738,346.10	1,445,418	1,410,608	1,398,714
<b>Total Funding Costs</b>	<b>\$1,738,346.10</b>	<b>\$1,445,418</b>	<b>\$1,410,608</b>	<b>\$1,398,714</b>
Current Level Services	1,738,346.10	1,445,418	1,410,608	1,398,714
<b>Total Service Costs</b>	<b>\$1,738,346.10</b>	<b>\$1,445,418</b>	<b>\$1,410,608</b>	<b>\$1,398,714</b>

**Agency Description** provide trained workers for employment opportunities. The Great Falls Vo-Tech staff provide vocational training in business, health, home economics, office, technical, and trade/industrial occupations.

The Great Falls Vocational Technical Center's primary objectives are to prepare students for employment and to

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	31.00	31.00	31.00	31.00
Personal Services	898,294.88	760,540	673,516	673,516
Operating Expenses	72,296.31	66,061	53,824	53,824
Equipment	45,365.60	48,153	95,530	95,530
<b>Total Program Costs</b>	<b>\$1,015,956.79</b>	<b>\$874,754</b>	<b>\$822,870</b>	<b>\$822,870</b>
Current Unrestricted Fund	1,015,956.79	874,754	822,870	822,870
<b>Total Funding Costs</b>	<b>\$1,015,956.79</b>	<b>\$874,754</b>	<b>\$822,870</b>	<b>\$822,870</b>
Current Level Services	1,015,956.79	874,754	822,870	822,870
<b>Total Service Costs</b>	<b>\$1,015,956.79</b>	<b>\$874,754</b>	<b>\$822,870</b>	<b>\$822,870</b>

#### Program Description

The Instruction Program of the Great Falls Vocational Technical Center includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of the institution's instruction program which includes related occupational and vocational instruction.

#### Budget Issues

The recommended budget for the Instruction component of the Great Falls Vo-Tech Center is reduced by \$193,087 in each year of the 1989 biennium when compared to the FY86 actual expenditures. This decline is due to two factors. First, the FY86 expenditures reflect appropriations based on enrollment of 423. Actual enrollment in FY86 was

391. The center estimates the enrollment during the 1989 biennium will be 410. Second, the funding formula has been adjusted to reflect the reductions made by the June 1986 Special Session. The equipment included in the recommended budget is derived from the funding formula, and is also dependent upon the projected enrollment.

#### Modification Request

The Great Falls Vo-Tech Center has requested capital equipment totalling \$295,413 over the biennium. This request is not included in the recommended budget. However, the Executive Budget includes a reserve to fund modified requests made by elected officials. This equipment request will be presented to the subcommittee by the center.

**PLANT OPERATION & MAINTENANCE**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	4.50	4.50	4.00	4.00
Personal Services	91,376.70	91,175	93,818	93,818
Operating Expenses	86,757.84	102,646	95,040	103,146
<b>Total Program Costs</b>	<b>\$178,134.54</b>	<b>\$193,821</b>	<b>\$188,858</b>	<b>\$196,964</b>
Current Unrestricted Fund	178,134.54	193,821	188,858	196,964
<b>Total Funding Costs</b>	<b>\$178,134.54</b>	<b>\$193,821</b>	<b>\$188,858</b>	<b>\$196,964</b>
Current Level Services	178,134.54	193,821	188,858	196,964
<b>Total Service Costs</b>	<b>\$178,134.54</b>	<b>\$193,821</b>	<b>\$188,858</b>	<b>\$196,964</b>

**Program Description**

The Plant Operations and Maintenance Program of the Great Falls Vocational Technical Center includes expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance relating to the grounds and typically includes facilities, utilities, fire protection, property insurance and janitorial services.

**Budget Issues**

The budget for the Plant Operations and Maintenance program remains at the FY86 level, with adjustments made for the pay plan approved for FY87. The increase between FY88 and FY89 reflects inflation in the cost of electricity. The FTE level drops 0.5 FTE because the Vo-Tech funding formula allows 4.0 FTE for the square footage of at the Great Falls Vo-Tech Center. The center may increase the FTE but must pay for additional FTE from the local voted levy.

**SUPPORT**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	11.82	11.82	13.00	13.00
Personal Services	401,785.05	312,317	319,522	319,522
Operating Expenses	83,219.96	64,526	79,358	59,358
<b>Total Program Costs</b>	<b>\$485,005.01</b>	<b>\$376,843</b>	<b>\$398,880</b>	<b>\$378,880</b>
Current Unrestricted Fund	485,005.01	376,843	398,880	378,880
<b>Total Funding Costs</b>	<b>\$485,005.01</b>	<b>\$376,843</b>	<b>\$398,880</b>	<b>\$378,880</b>
Current Level Services	485,005.01	376,843	398,880	378,880
<b>Total Service Costs</b>	<b>\$485,005.01</b>	<b>\$376,843</b>	<b>\$398,880</b>	<b>\$378,880</b>

**Program Description**

The Support Program of the Great Falls Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development, and support for course and curriculum development.

**Budget Issues**

The Support program component of the Great Falls Vo-Tech Center is reduced from the 1986 level due to a drop in projected enrollment. The 1985 Legislature anticipated the enrollment would be 423 in FY86, and the projected enrollment for the 1989 biennium is 410. Actual enrollment in FY86 was 391. The projected increase in enrollment increases the state supported staff from 11.82 to 13.0 FTE. Both FY86 and FY88 include audit expenses at \$20,000.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	56.48	56.48	51.34	51.34
Personal Services	1,844,339.36	1,605,211	1,289,256	1,289,256
Operating Expenses	454,570.86	430,159	386,219	373,402
Equipment	87,019.15	56,685	123,723	123,723
Debt Service	3,952.60	0	0	0
<b>Total Agency Costs</b>	<b>\$2,389,881.97</b>	<b>\$2,092,055</b>	<b>\$1,799,198</b>	<b>\$1,786,381</b>
Current Unrestricted Fund	2,389,881.97	2,092,055	1,799,198	1,786,381
<b>Total Funding Costs</b>	<b>\$2,389,881.97</b>	<b>\$2,092,055</b>	<b>\$1,799,198</b>	<b>\$1,786,381</b>
Current Level Services	2,389,881.97	2,092,055	1,799,198	1,786,381
<b>Total Service Costs</b>	<b>\$2,389,881.97</b>	<b>\$2,092,055</b>	<b>\$1,799,198</b>	<b>\$1,786,381</b>

**Agency Description**

The Helena Vocational Technical Center's primary objectives are to prepare postsecondary students for employment

and to provide trained workers for employment opportunities. The Helena Vo Tech staff provide vocational training in agricultural, business, health, home economics, office, technical, and trade/industrial occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	39.07	39.07	36.77	36.77
Personal Services	1,250,435.80	1,141,320	858,344	858,344
Operating Expenses	122,893.04	147,048	83,650	83,650
Equipment	85,934.65	56,685	123,723	123,723
<b>Total Program Costs</b>	<b>\$1,459,263.49</b>	<b>\$1,345,053</b>	<b>\$1,065,717</b>	<b>\$1,065,717</b>
Current Unrestricted Fund	1,459,263.49	1,345,053	1,065,717	1,065,717
<b>Total Funding Costs</b>	<b>\$1,459,263.49</b>	<b>\$1,345,053</b>	<b>\$1,065,717</b>	<b>\$1,065,717</b>
Current Level Services	1,459,263.49	1,345,053	1,065,717	1,065,717
<b>Total Service Costs</b>	<b>\$1,459,263.49</b>	<b>\$1,345,053</b>	<b>\$1,065,717</b>	<b>\$1,065,717</b>

**Program Description**

The Instruction Program of the Helena Vocational Technical Center includes all expenditures for personal services, operating expenses and equipment for all activities that are part of the institution's instruction program which includes related occupational and vocational instruction.

**Budget Issues**

The recommended budget for the 1989 biennium is reduced nearly \$400,000 in each year of the 1989 biennium when compared to the FY86 level. Helena Vo-Tech has experienced a large drop in enrollment in the fall quarter of 1987, and the 1987 enrollment is projected to decline to 531 from a 1986 level of 647. The 1985 Legislature anticipated enrollment of 660 when establishing the FY86 budget, while 647

FTE students actually enrolled. The large reduction in personal services is because the center supplemented the state support for personal services with funds from the local school district voted levy. The Executive Recommendation does not replace this local revenue with state funds. Equipment included in the recommended budget is derived from the funding formula and is dependent upon the projected enrollment.

**Modification Request**

The Helena Vo-Tech has requested capital equipment totalling \$407,750 over the biennium. This request is not included in the recommended budget. However, the Executive Budget does include a reserve to fund modified requests made by elected officials. This equipment request will be presented to the subcommittee by the center.

**PLANT OPERATION & MAINTENANCE**  
 Budget Detail Summary

 Actual  
 FY 1986

 Budgeted  
 FY 1987

 Recommendation  
 FY 1988      FY 1989

Full Time Equivalent Employees	4.25	4.25	4.10	4.10
Personal Services	82,743.78	86,109	88,906	88,906
Operating Expenses	234,917.25	226,098	217,730	224,913
Equipment	434.50	0	0	0
Debt Service	3,952.60	0	0	0
<b>Total Program Costs</b>	<b>\$322,048.13</b>	<b>\$312,207</b>	<b>\$306,636</b>	<b>\$313,819</b>
Current Unrestricted Fund	322,048.13	312,207	306,636	313,819
<b>Total Funding Costs</b>	<b>\$322,048.13</b>	<b>\$312,207</b>	<b>\$306,636</b>	<b>\$313,819</b>
Current Level Services	322,048.13	312,207	306,636	313,819
<b>Total Service Costs</b>	<b>\$322,048.13</b>	<b>\$312,207</b>	<b>\$306,636</b>	<b>\$313,819</b>

**Program Description**

The Plant Operations and Maintenance Program of the Helena Vocational Technical Center includes all expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance related to the grounds and typically includes facilities, utilities, fire protection, property insurance and janitorial services.

**Budget Issues**

The Executive Recommendation maintains the Plant Operations budget at the same level that was appropriated by the 1985 Legislature, with an allowance for pay plan expenses that were approved for FY87. The center supplemented the FY86 legislative appropriation with funds from the local school district-voted levy. The Executive Recommendation does not replace this local revenue with state funds. The center's budgeted utility expenses have been adjusted to reflect anticipated increases in utility costs.

**SUPPORT**  
 Budget Detail Summary

 Actual  
 FY 1986

 Budgeted  
 FY 1987

 Recommendation  
 FY 1988      FY 1989

Full Time Equivalent Employees	13.16	13.16	10.47	10.47
Personal Services	495,669.62	377,782	342,006	342,006
Operating Expenses	96,760.57	57,013	84,839	64,839
Equipment	650.00	0	0	0
<b>Total Program Costs</b>	<b>\$593,080.19</b>	<b>\$434,795</b>	<b>\$426,845</b>	<b>\$406,845</b>
Current Unrestricted Fund	593,080.19	434,795	426,845	406,845
<b>Total Funding Costs</b>	<b>\$593,080.19</b>	<b>\$434,795</b>	<b>\$426,845</b>	<b>\$406,845</b>
Current Level Services	593,080.19	434,795	426,845	406,845
<b>Total Service Costs</b>	<b>\$593,080.19</b>	<b>\$434,795</b>	<b>\$426,845</b>	<b>\$406,845</b>

**Program Description**

The Support Program of the Helena Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development and support for course and curriculum development.

**Budget Issues**

The recommended budget for the Support program is substantially lower than the FY86 level because the FY86 budget was based upon an anticipated enrollment of 660 FTE students, while the 1989 biennium projected enrollment is 531. The narrative for the Helena Instruction program addresses the change in enrollment in more detail. The actual enrollment for FY86 was 647. Both FY86 and FY88 include \$20,000 for the Legislative audit.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	62.12	62.12	59.25	59.25
Personal Services	2,122,907.68	1,486,596	1,249,156	1,249,156
Operating Expenses	429,780.63	430,412	350,867	343,520
Equipment	51,614.00	54,381	113,937	113,937
<b>Total Agency Costs</b>	<b>\$2,604,302.31</b>	<b>\$1,971,389</b>	<b>\$1,713,960</b>	<b>\$1,706,613</b>
Current Unrestricted Fund	2,604,302.31	1,971,389	1,713,960	1,706,613
<b>Total Funding Costs</b>	<b>\$2,604,302.31</b>	<b>\$1,971,389</b>	<b>\$1,713,960</b>	<b>\$1,706,613</b>
Current Level Services	2,604,302.31	1,971,389	1,713,960	1,706,613
<b>Total Service Costs</b>	<b>\$2,604,302.31</b>	<b>\$1,971,389</b>	<b>\$1,713,960</b>	<b>\$1,706,613</b>

**Agency Description**

The Missoula Vocational Technical Center's primary objectives are to prepare postsecondary students for employment

and to provide trained workers for employment opportunities. The Missoula Vo Tech staff provide vocational training in agricultural, business, health, home economics, office, technical, and trade/industries occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	43.10	43.10	40.20	40.20
Personal Services	1,367,634.83	1,018,885	793,838	793,838
Operating Expenses	126,957.39	147,808	73,648	73,648
Equipment	51,614.00	54,381	113,937	113,937
<b>Total Program Costs</b>	<b>\$1,546,206.22</b>	<b>\$1,221,074</b>	<b>\$981,423</b>	<b>\$981,423</b>
Current Unrestricted Fund	1,546,206.22	1,221,074	981,423	981,423
<b>Total Funding Costs</b>	<b>\$1,546,206.22</b>	<b>\$1,221,074</b>	<b>\$981,423</b>	<b>\$981,423</b>
Current Level Services	1,546,206.22	1,221,074	981,423	981,423
<b>Total Service Costs</b>	<b>\$1,546,206.22</b>	<b>\$1,221,074</b>	<b>\$981,423</b>	<b>\$981,423</b>

**Program Description**

The Instruction Program of the Missoula Vocational Technical Center includes all expenditures for personal services, operating expenses and equipment for all activities that are part of the institution's instruction program which includes related occupational and vocational instruction.

**Budget Issues**

The recommended budget for the Instruction budget is reduced when compared to FY86 for three reasons. First, the 1985 Legislature anticipated an enrollment of 596 FTE students in FY86. The Executive Budget projects an enrollment of 489 in the 1989 biennium. The enrollment dropped substantially in the fall quarter of 1986, leading to a projected enrollment of 489 for FY87. This is a large decline when compared with the FY86 enrollment of 577. The

second factor that contributes to the decline in funding is that the Executive Budget adjusted the formula to adopt the funding reductions made by the June 1986 Special Session. The third factor is due to the center supplementing state funding with local revenue from the voted levy. The Executive Budget does not replace the local revenue with state funds. The equipment reflected in the budget is derived from the funding formula and is dependent upon the projected FTE student enrollment.

**Modification Request**

The Missoula Vo-Tech Center has requested capital equipment totalling \$532,935 over the biennium. This request is not included in the recommended budget. However, the Executive Budget includes a reserve to fund modified requests made by elected officials.

PLANT OPERATION & MAINTENANCE  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	5.25	5.25	6.00	6.00
Personal Services	148,000.00	108,181	109,825	109,825
Operating Expenses	177,500.99	206,769	190,917	203,570
<b>Total Program Costs</b>	<b>\$325,500.99</b>	<b>\$314,950</b>	<b>\$300,742</b>	<b>\$313,395</b>
Current Unrestricted Fund	325,500.99	314,950	300,742	313,395
<b>Total Funding Costs</b>	<b>\$325,500.99</b>	<b>\$314,950</b>	<b>\$300,742</b>	<b>\$313,395</b>
Current Level Services	325,500.99	314,950	300,742	313,395
<b>Total Service Costs</b>	<b>\$325,500.99</b>	<b>\$314,950</b>	<b>\$300,742</b>	<b>\$313,395</b>

**Program Description**

The Plant Operations and Maintenance Program of the Missoula Vocational Technical Center includes expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance related to the grounds and typically includes facilities, utilities, fire protection, property insurance and janitorial services.

**Budget Issues**

The Executive recommendation for the center's Plant Operations budget maintains the same level appropriated by the 1985 Legislature, with adjustments made to account for the approved pay plan expenses in FY87. The center supplemented the Plant budget with funds raised from a local school district mill levy. The Executive Budget does not replace these local funds with state funds.

SUPPORT  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	13.77	13.77	13.05	13.05
Personal Services	615,405.63	359,530	345,493	345,493
Operating Expenses	125,322.25	75,835	86,302	66,302
<b>Total Program Costs</b>	<b>\$740,727.88</b>	<b>\$435,365</b>	<b>\$431,795</b>	<b>\$411,795</b>
Current Unrestricted Fund	740,727.88	435,365	431,795	411,795
<b>Total Funding Costs</b>	<b>\$740,727.88</b>	<b>\$435,365</b>	<b>\$431,795</b>	<b>\$411,795</b>
Current Level Services	740,727.88	435,365	431,795	411,795
<b>Total Service Costs</b>	<b>\$740,727.88</b>	<b>\$435,365</b>	<b>\$431,795</b>	<b>\$411,795</b>

**Program Description**

The Support Program of the Missoula Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development and support for course and curriculum development.

**Budget Issues**

The recommended budget for the Support program also represents a substantial decline from the FY86 level due to the projected decline in enrollment. The FY86 budget represents an anticipated enrollment of 596 and the projected enrollment for the center in the 1989 biennium is 489. The actual enrollment for FY86 was 577. In FY86, the center supplemented state funds with revenue from the local school district voted levy. The Executive Budget does not replace these local revenues with state funds.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	14.00	13.00	13.00	13.00
Personal Services	408,041.91	392,077	397,301	397,205
Operating Expenses	170,470.16	159,093	149,959	141,085
Equipment	11,981.08	500	3,500	3,500
Grants	542,700.78	0	762,500	762,500
<b>Total Agency Costs</b>	<b>\$1,133,193.93</b>	<b>\$551,670</b>	<b>\$1,313,260</b>	<b>\$1,304,290</b>
General Fund	480,359.74	469,170	468,260	459,290
Federal & Other Spec Rev Fund	652,834.19	82,500	845,000	845,000
<b>Total Funding Costs</b>	<b>\$1,133,193.93</b>	<b>\$551,670</b>	<b>\$1,313,260</b>	<b>\$1,304,290</b>
Current Level Services	559,368.29	551,670	550,760	541,790
Modified Level Services	573,825.64	0	762,500	762,500
<b>Total Service Costs</b>	<b>\$1,133,193.93</b>	<b>\$551,670</b>	<b>\$1,313,260</b>	<b>\$1,304,290</b>

**Agency Description**

The Board of Crime Control was created by section 2-15-2006, MCA. Under the supervision of the Board, the Crime Control Division provides supportive services and technical assistance to state and local criminal justice agencies. Technical assistance includes such areas as jail improvement, management training, statistical analysis,

Crime-stoppers and crime prevention. Supportive services include: the Montana Uniform Crime Reporting system, which reports major offenses to the F.B.I. and provides management information for local law enforcement; Peace Officer Standards and Training, which promulgates standards and training for the certification of all peace officers; and the criminal justice data base, which provides an automated central repository for criminal justice data.

BOARD OF CRIME CONTROL Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	14.00	13.00	13.00	13.00
Personal Services	408,041.91	392,077	397,301	397,205
Operating Expenses	165,135.01	159,093	149,959	141,085
Equipment	5,965.00	500	3,500	3,500
Grants	0.00	0	762,500	762,500
<b>Total Program Costs</b>	<b>\$579,141.92</b>	<b>\$551,670</b>	<b>\$1,313,260</b>	<b>\$1,304,290</b>
General Fund	480,359.74	469,170	468,260	459,290
Federal & Other Spec Rev Fund	98,782.18	82,500	845,000	845,000
<b>Total Funding Costs</b>	<b>\$579,141.92</b>	<b>\$551,670</b>	<b>\$1,313,260</b>	<b>\$1,304,290</b>
Current Level Services	559,368.29	551,670	550,760	541,790
Modified Level Services	19,773.63	0	762,500	762,500
<b>Total Service Costs</b>	<b>\$579,141.92</b>	<b>\$551,670</b>	<b>\$1,313,260</b>	<b>\$1,304,290</b>

**Program Description**

This program provides supportive services and technical assistance to state and local criminal justice agencies. Technical assistance includes such areas as jail improvement, management training, statistical analysis, Crime-Stoppers and crime prevention. Supportive services include: the Montana Uniform Crime Reporting system, which reports major offenses to the F.B.I. and provides management information for local law enforcement; Peace Officer Standards and Training, which promulgates standards and training for the certification of all peace officers; and the criminal justice data base, which provides an automated central repository for criminal justice data.

**Budget Issues**

The budget recommendation for this agency does not include the modification requests. Since the agency is

administratively attached to the Department of Justice, they will be presenting their modification request directly.

Unfunded pay plan and 60% of the June 1986 Special Session 5% adjustments are reflected in the program budget. A statistical clerk position was eliminated for an annual savings of \$16,600 and a reduction of \$14,582 in operating expenses was made.

A 4% vacancy savings was applied.

**Modification Requests**

A Juvenile Justice and Delinquency Prevention federal grant will be awarded to state, local criminal justice and private non-profit agencies through formalized agreements. This modification requests appropriation authority for \$142,500.

Criminal Justice Block Grant - \$396,000. Pass through federal funds awarded to state and local criminal justice agencies.

Crime Victim Assistance - \$224,000. Federal funding awarded to local criminal justice and private non-profit agencies.

BOARD OF CRIME CONTROL ACTION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	5,335.15	0	0	0
Equipment	6,016.08	0	0	0
Grants	542,700.78	0	0	0
<b>Total Program Costs</b>	<b>\$554,052.01</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Federal & Other Spec Rev Fund	554,052.01	0	0	0
<b>Total Funding Costs</b>	<b>\$554,052.01</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Modified Level Services	554,052.01	0	0	0
<b>Total Service Costs</b>	<b>\$554,052.01</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Description**

This program was set up to pass federal grants out to local entities. The program is deleted for FY88 and FY89. The functions are transferred to the Crime Control Program (01).

**Budget Issues**

FY86 actual expenditures are shown here. FY88 and FY89 proposed budgets have been combined with program 01 - Board of Crime Control.



Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	8.50	8.50	8.50	8.50
Personal Services	245,220.76	251,429	248,299	247,942
Operating Expenses	315,353.56	200,815	199,800	197,880
Equipment	14,887.00	0	1,650	2,393
Grants	933,701.27	1,100,000	720,000	720,000
<b>Total Agency Costs</b>	<b>\$1,509,162.59</b>	<b>\$1,552,244</b>	<b>\$1,169,749</b>	<b>\$1,168,215</b>
State Special Revenue Fund	70,790.93	68,194	72,000	72,000
Federal & Other Spec Rev Fund	1,438,371.66	1,484,050	1,097,749	1,096,215
<b>Total Funding Costs</b>	<b>\$1,509,162.59</b>	<b>\$1,552,244</b>	<b>\$1,169,749</b>	<b>\$1,168,215</b>
Current Level Services	1,509,162.59	1,552,244	1,169,749	1,168,215
<b>Total Service Costs</b>	<b>\$1,509,162.59</b>	<b>\$1,552,244</b>	<b>\$1,169,749</b>	<b>\$1,168,215</b>

**Agency Description**

The Highway Traffic Safety Program was established by Title 61, chapter 2, MCA, to promote public safety, health, and welfare through efforts directed toward reducing death, injury, and property loss resulting from traffic accidents. Diverse projects are developed, initiated and maintained throughout various levels of government to ensure that a

long-term, stable, and thoroughly professional statewide program exists.

**Budget Issues**

The proposed budget allows this program to maintain its current level of operation. Pass through funds are budgeted at a lower level than FY86 actual.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	600.18	543.27	523.83	523.83
Personal Services	15,120,798.59	14,267,949	14,371,202	14,398,848
Operating Expenses	4,628,627.16	4,805,823	5,057,769	4,709,437
Equipment	1,361,803.44	837,743	1,120,800	1,006,908
<b>Total Agency Costs</b>	<b>\$21,111,229.19</b>	<b>\$19,911,515</b>	<b>\$20,549,771</b>	<b>\$20,115,193</b>
General Fund	8,852,419.65	5,267,369	5,988,640	5,877,601
State Special Revenue Fund	11,103,274.59	13,378,173	13,570,590	13,249,147
Federal & Other Spec Rev Fund	696,300.51	829,927	527,506	525,101
Proprietary Fund	459,234.44	436,046	463,035	463,344
<b>Total Funding Costs</b>	<b>\$21,111,229.19</b>	<b>\$19,911,515</b>	<b>\$20,549,771</b>	<b>\$20,115,193</b>
Current Level Services	20,963,660.74	19,911,515	20,549,771	20,115,193
Modified Level Services	147,568.45	0	0	0
<b>Total Service Costs</b>	<b>\$21,111,229.19</b>	<b>\$19,911,515</b>	<b>\$20,549,771</b>	<b>\$20,115,193</b>

### Agency Description

The Department of Justice, under the direction of the Attorney General, provides the state level leadership and coordination necessary for effective law enforcement and public safety, as authorized in section 2-15-501, MCA. The goals of the department are: 1) to provide the best possible legal representation for the state and its political subdivisions in criminal appeals; 2) to provide legal services for the state, county, and municipal agencies and their officials; 3) to enforce Montana traffic laws and register all motor vehicles; 4) to enforce state fire safety codes and regulations; 5) to assist local law enforcement agencies in bringing offenders to justice; and 6) to manage a statewide system of death investigations and provide scientific analyses of specimens submitted by law enforcement officials, coroners and state agencies.

### Budget Issues

Current level budget recommendations for Department of Justice programs reflect adjustments made for the 60% of the 5% cuts, unfunded pay plan, and any directives from the June Special Session of the Legislature. A 4% vacancy savings was applied to all programs, excluding elected official positions.

Though few increases were requested and recommended, general fund increases substantially. This increase is directly related to the present status of the motor vehicle account. For years, the motor vehicle account has been used to replace general fund whenever a balance was available. The appropriated expenditure level from this account during the 1987 biennium was designed to draw down an existing balance by replacing general fund. This balance no longer exists and the 1987 appropriation level cannot be maintained. Consequently, general fund was increased in the Driver Services Bureau and the Forensic Science Division, with a like reduction in motor vehicle authority.

### Modification Requests

It is the Governor's opinion that elected officials should be allowed to present their modification requests directly to the legislature. Budget modifications are presented in the respective program budgets. Related dollar amounts, however, are not included in the program budget recommendations. Instead, the Executive Budget includes a reserve to fund those Elected Officials' modifications approved by the legislature.

LEGAL SERVICES DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	20.00	20.00	18.75	18.75
Personal Services	679,135.92	657,060	668,500	667,890
Operating Expenses	131,592.71	135,698	129,669	126,743
Equipment	10,595.56	861	0	0
<b>Total Program Costs</b>	<b>\$821,324.19</b>	<b>\$793,619</b>	<b>\$798,169</b>	<b>\$794,633</b>
General Fund	785,710.84	779,437	776,134	772,743
State Special Revenue Fund	20,118.13	14,182	22,035	21,890
Federal & Other Spec Rev Fund	15,495.22	0	0	0
<b>Total Funding Costs</b>	<b>\$821,324.19</b>	<b>\$793,619</b>	<b>\$798,169</b>	<b>\$794,633</b>
Current Level Services	805,828.97	793,619	798,169	794,633
Modified Level Services	15,495.22	0	0	0
<b>Total Service Costs</b>	<b>\$821,324.19</b>	<b>\$793,619</b>	<b>\$798,169</b>	<b>\$794,633</b>

### Program Description

The Legal Services Program provide the Attorney General with legal research and analysis; provides legal counsel for

state government officials, bureaus, and boards; represent Montana's interests in cases before state and federal courts, antitrust cases and cases involving property that reverts to

the state in the absence of legal heirs; interprets laws; provide legal assistance to local governments in bond issues and in other matters; and, enforces the laws relating to the reporting and collection of unclaimed property belonging to persons who cannot be located.

#### Budget Issues

Impacts from the 60% of 5% cuts and the unfunded pay plan were felt in both personal services and operating costs. FTE were reduced by one administrative secretary position and .25 of a lawyer position for a total reduction of 1.25

FTE. Contracted services were reduced because Montana is no longer involved in any antitrust multi-district cases and will not incur the related costs.

Travel expenses increase by \$3,000 each year from the FY86 base. This increase for case-related travel will maintain the historical level of \$9,500 per year. As in the past, a line-item is recommended.

Attorney General Opinions are printed every other year. This \$4,000 expense occurs in FY88 only and is the major reason for the drop in operating expenses in FY89.

#### INDIAN LEGAL JURISDICTION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	59,996.41	60,192	60,252	60,323
Operating Expenses	48,846.66	9,284	339,417	5,245
Equipment	421.95	0	0	0
<b>Total Program Costs</b>	<b>\$109,265.02</b>	<b>\$69,476</b>	<b>\$399,669</b>	<b>\$65,568</b>
General Fund	109,265.02	69,476	399,669	65,568
<b>Total Funding Costs</b>	<b>\$109,265.02</b>	<b>\$69,476</b>	<b>\$399,669</b>	<b>\$65,568</b>
Current Level Services	109,265.02	69,476	399,669	65,568
<b>Total Service Costs</b>	<b>\$109,265.02</b>	<b>\$69,476</b>	<b>\$399,669</b>	<b>\$65,568</b>

#### Program Description

The Indian Legal Jurisdiction program provides representation and coordination of trial and appellate lawsuits involving the State of Montana and the Indian tribes, supervision of private attorneys contracted by the State to assist with those cases, and advice to state agencies on questions involving Indian legal matters.

the 1987 biennium. This appropriation was reduced by over \$150,000 as a result of June Special Session action.

The program's request for a \$375,900 biennial appropriation for the 1989 biennium was reduced to \$334,000, the result of the 60% of 5% cuts. This biennial appropriation covers the costs of private legal counsel and expert witnesses.

#### Budget Issues

The Indian Legal Jurisdiction program received a \$400,000 biennial appropriation for contracted legal services during

Personal services costs and the remaining operating expenses were maintained at current level and have annual appropriations.

#### COUNTY PROSECUTOR SERVICES Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	108,157.02	110,079	112,938	112,844
Operating Expenses	22,014.25	24,795	22,164	22,373
<b>Total Program Costs</b>	<b>\$130,171.27</b>	<b>\$134,874</b>	<b>\$135,102</b>	<b>\$135,217</b>
General Fund	130,171.27	134,874	135,102	135,217
<b>Total Funding Costs</b>	<b>\$130,171.27</b>	<b>\$134,874</b>	<b>\$135,102</b>	<b>\$135,217</b>
Current Level Services	130,171.27	134,874	135,102	135,217
<b>Total Service Costs</b>	<b>\$130,171.27</b>	<b>\$134,874</b>	<b>\$135,102</b>	<b>\$135,217</b>

#### Program Description

The County Prosecutor Services program provides legal assistance to counties in the prosecution and disposition of major felonies and in cases in which county attorneys have conflicts of interest. This program also coordinates training and continuing legal education for county attorneys and city attorneys.

#### Budget Issues

Because the County Prosecutor Services Program is so small, its share of budget reductions were absorbed by larger programs.

A current level budget is recommended.

**AGENCY LEGAL SERVICES**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988 FY 1989	
Full Time Equivalent Employees	10.00	10.00	10.00	10.00
Personal Services	341,936.55	334,252	352,757	353,246
Operating Expenses	105,178.15	101,794	109,700	110,098
Equipment	11,524.74	0	0	0
<b>Total Program Costs</b>	<b>\$458,639.44</b>	<b>\$436,046</b>	<b>\$462,457</b>	<b>\$463,344</b>
Proprietary Fund	458,639.44	436,046	462,457	463,344
<b>Total Funding Costs</b>	<b>\$458,639.44</b>	<b>\$436,046</b>	<b>\$462,457</b>	<b>\$463,344</b>
Current Level Services	437,114.70	436,046	462,457	463,344
Modified Level Services	21,524.74	0	0	0
<b>Total Service Costs</b>	<b>\$458,639.44</b>	<b>\$436,046</b>	<b>\$462,457</b>	<b>\$463,344</b>

**Program Description**

The Agency Legal Services Program (ALS) provides legal services, upon request, to state agencies. Agencies are billed for attorney time and case-related costs to support the program.

**Budget Issues**

Agency Legal Services provides legal assistance to state agencies for a set hourly rate. The 1985 legislature established the hourly rate at \$46 for attorney time and \$25 for investigator time. During the June Special Session, rather than a cut in operations, a reduction in attorneys' hourly rate charges was made. Reducing hourly rates to \$45 for

attorneys decreased costs to agencies while maintaining a full compliment of staff to meet legal service demands.

The Department believes that the reduced rate will decrease collections to the point where there will not be a sufficient cash flow base from which to operate. Although reduced rates will force the program to utilize some of its cash balance, a loan from the general fund could be obtained when cash flow became a problem. The program plans to request the legislature to raise the hourly rates to \$48 for attorneys and \$26.50 for investigators.

Operating costs increase slightly from FY86 for additional expert witness assistance and maintenance contracts on computer equipment.

**DRIVER SERVICES BUREAU**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988 FY 1989	
Full Time Equivalent Employees	81.70	83.70	77.20	77.20
Personal Services	1,624,794.09	1,587,905	1,613,907	1,612,978
Operating Expenses	517,779.77	511,232	538,538	539,850
Equipment	83,466.43	16,858	35,950	40,244
<b>Total Program Costs</b>	<b>\$2,226,040.29</b>	<b>\$2,115,995</b>	<b>\$2,188,395</b>	<b>\$2,193,072</b>
General Fund	1,811,208.29	1,755,526	1,802,195	1,978,536
State Special Revenue Fund	373,979.00	360,469	371,200	199,536
Federal & Other Spec Rev Fund	40,853.00	0	15,000	15,000
<b>Total Funding Costs</b>	<b>\$2,226,040.29</b>	<b>\$2,115,995</b>	<b>\$2,188,395</b>	<b>\$2,193,072</b>
Current Level Services	2,185,187.29	2,115,995	2,188,395	2,193,072
Modified Level Services	40,853.00	0	0	0
<b>Total Service Costs</b>	<b>\$2,226,040.29</b>	<b>\$2,115,995</b>	<b>\$2,188,395</b>	<b>\$2,193,072</b>

**Program Description**

The Driver Licensing program is responsible for implementing and administering the laws relating to the examination, issuance, cancellation, suspension, revocation, and reinstatement of drivers' licenses and driving privileges.

**Budget Issues**

Reductions from the 60% of 5% cuts and the unfunded pay plan resulted in adjustments to operating expenses by \$10,000 and the reduction of 4.50 FTE. Two driver service specialists, one office clerk, and 1.5 typist positions were eliminated.

During the 1987 biennium, the decision was made to combine the Motor Vehicle Division Administrator's program

with Driver Services Bureau. This budget reflects that decision, moving 2.90 FTE and approximately \$100,000 per year into the Driver Services Bureau.

Operating expenses increase approximately \$20,000. Of this amount, \$15,000 is a training and research grant from the National Highway Traffic Safety Administration. The remaining \$5,000 is a rental expense resulting from a combination of more square footage and an increased square footage charge.

The equipment recommendation includes three cars in FY88 and four cars in FY89. Computer terminals and miscellaneous office equipment purchases are also recommended for both years.

# HIGHWAY PATROL DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	225.68	241.52	215.35	215.35
Personal Services	6,919,325.78	7,111,814	6,711,821	6,718,353
Operating Expenses	1,609,271.66	1,784,669	1,599,935	1,614,500
Equipment	1,107,851.40	799,358	884,910	872,200
<b>Total Program Costs</b>	<b>\$9,636,448.84</b>	<b>\$9,695,841</b>	<b>\$9,196,666</b>	<b>\$9,205,053</b>
General Fund	2,581,378.24	0	0	0
State Special Revenue Fund	6,754,158.75	9,207,581	8,968,021	8,976,238
Federal & Other Spec Rev Fund	300,911.85	488,260	228,645	228,815
<b>Total Funding Costs</b>	<b>\$9,636,448.84</b>	<b>\$9,695,841</b>	<b>\$9,196,666</b>	<b>\$9,205,053</b>
Current Level Services	9,631,548.62	9,695,841	9,196,666	9,205,053
Modified Level Services	4,900.22	0	0	0
<b>Total Service Costs</b>	<b>\$9,636,448.84</b>	<b>\$9,695,841</b>	<b>\$9,196,666</b>	<b>\$9,205,053</b>

## Program Description

The Highway Patrol Program is responsible for patrolling the highways in Montana, enforcing traffic laws and investigating traffic accidents. The Patrol gives assistance and information to motorists, firstaid to those injured in traffic accidents, and transports blood and medical supplies in emergency situations.

## Budget Issues

There were several changes to the Highway Patrol Division as a result of the 60% of the June 1986 Special Session 5% cuts and the unfunded pay plan. Nine vacant highway patrol positions were eliminated with related operating expenses of \$50,000. Another \$50,000 in operating expenses was cut from miscellaneous expense categories. Equipment was reduced by \$250,000 during the June Special Session of the Legislature.

The change in FTE from the 1987 biennium to the 1989 biennium recommendation is the effect of several actions outlined in the following table:

FY87 original FTE	241.52
5% cut - highway patrolmen	(9.00)
Transfer to Communications Bur.	(14.00)
Transfer to Data Processing Bur.	(1.00)
Reduction of "55 Squad"	(4.00)
Conversion of Independent Contractors	<u>3.75</u>
Requested level of FTE	215.35

The communication section of 14 FTE were more appropriately placed within the Communications Bureau and were transferred. One FTE was transferred to the Data Processing Bureau. The four FTE for the 55 Squad function were removed from the current level base and appear as a modification request at the direction of the 1985 legislature. The increase in 1.83 FTE to 3.75 represents cadets who were paid from contracted services. Because of the independent contractor regulations, the program was required to place these individuals on the state payroll. The 3.75 FTE represents fifteen cadets. This number is up from eight cadets as projections indicate that there will be a significantly higher turnover of highway patrol officers during the 1989 biennium.

Operating expenses increase slightly and are totally related to gasoline costs.

The equipment budget is a major expense area for the Highway Patrol Division. The recommended budget includes funds to purchase 70 replacement vehicles per year, five base station repeaters in FY88, and fifteen siren control heads in FY88.

The Division requested funds to purchase 110 vehicles in FY88. A portion of funds appropriated for vehicle purchases in FY87 will instead be used for pay plan needs. The increased vehicle request would have allowed the vehicle replacement schedule to be maintained. The division also requested funds to replace a model of handgun which is no longer manufactured. Replacement of handguns is not included in the executive recommendation.

Funding for the Highway Patrol Division changes significantly with general fund support replaced by highway earmarked funds. This was a decision of the June Special Legislative Session.

During the 1987 biennium the decision to combine the Communications Bureau and the Highway Patrol Division was made, with current operations reflecting this merger. Though this merger is acknowledged, the executive budget book does not consolidate these two budgets. These budgets will be combined and presented to the appropriation subcommittee for review.

## Modification Request

The budget figures shown above do not include the following modification request. The Executive Budget includes a reserve to fund those Elected Officials modifications approved by the Legislature.

The 1985 legislature approved federal funding for a 55 MPH squad. These funds and related four FTE were solely dedicated to enforcement of the 55 MPH speed limit.

However, the legislature also sunsetted this function at the end of FY87. This modification requests \$158,000 per year of federal funds to continue this function. Continued concentrated enforcement of the 55 MPH speed limit on interstate and primary highways is necessary in order to maintain federal funds for highway construction in Montana

REGISTRAR'S BUREAU  
Budget Detail SummaryActual  
FY 1986Budgeted  
FY 1987Recommendation  
FY 1988      FY 1989

Full Time Equivalent Employees	70.00	70.00	70.00	70.00
Personal Services	1,212,408.66	1,171,113	1,256,364	1,255,425
Operating Expenses	678,434.86	685,969	669,306	661,391
Equipment	38,870.36	980	64,703	32,330
<b>Total Program Costs</b>	<b>\$1,929,713.88</b>	<b>\$1,858,062</b>	<b>\$1,990,373</b>	<b>\$1,949,146</b>
State Special Revenue Fund	1,929,713.88	1,858,062	1,990,373	1,949,146
<b>Total Funding Costs</b>	<b>\$1,929,713.88</b>	<b>\$1,858,062</b>	<b>\$1,990,373</b>	<b>\$1,949,146</b>
Current Level Services	1,929,713.88	1,858,062	1,990,373	1,949,146
<b>Total Service Costs</b>	<b>\$1,929,713.88</b>	<b>\$1,858,062</b>	<b>\$1,990,373</b>	<b>\$1,949,146</b>

**Program Description**

The Vehicle Registration program provides a system of motor vehicle registration, a certificate of ownership, lien filing, and licensing of automobile dealers and manufacturers. This program also processes registration for boats and snowmobiles.

**Budget Issues**

The major impact of the 60% of the June 1986 Special Session of 5% cuts and the unfunded pay plan was the elimination of the renewal notices for vehicle registration. The elimination of this service saved over \$52,000 per year. Another \$6,000 in miscellaneous cuts was taken from operating expenses.

The above reductions were partially offset by an increase in contracted services and repair and maintenance. Contracted

services increase by \$24,000 in FY88 and \$29,000 in FY89. Disc storage needs have increased, publication and graphics have added a new service fee, requests for microfilming from insurance agencies and car dealers have risen 22%, and the cost of printing decals, titles, and permits has increased significantly.

Costs for repair and maintenance increases by \$13,050 in FY88 only. These funds will be used for repair and maintenance of the facility. This project will be coordinated with Long Range Building activities.

The equipment budget funds 12 terminals and two printers per year. Also, an additional printer and a personal computer are funded for FY88 only.

Funding for the Registrar's Bureau is 100% from the motor vehicle account.

LAW ENFORCEMENT SERVICES DIV.  
Budget Detail SummaryActual  
FY 1986Budgeted  
FY 1987Recommendation  
FY 1988      FY 1989

Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	67,991.98	65,402	68,266	68,137
Operating Expenses	8,765.67	10,420	10,055	10,188
Equipment	0.00	0	765	0
<b>Total Program Costs</b>	<b>\$76,757.65</b>	<b>\$75,822</b>	<b>\$79,086</b>	<b>\$78,325</b>
General Fund	76,757.65	75,822	79,086	78,325
<b>Total Funding Costs</b>	<b>\$76,757.65</b>	<b>\$75,822</b>	<b>\$79,086</b>	<b>\$78,325</b>
Current Level Services	76,757.65	75,822	79,086	78,325
<b>Total Service Costs</b>	<b>\$76,757.65</b>	<b>\$75,822</b>	<b>\$79,086</b>	<b>\$78,325</b>

**Program Description**

The Law Enforcement Services Division program administers three bureaus: Criminal Investigation, Fire Marshal and Identification. These bureaus provide a broad spectrum of services vital to local, county, state, and federal law enforcement criminal justice agencies throughout Montana.

**Budget Issues**

Because of the size of this program, the prorated share of the 60% of the 5% cuts and the unfunded pay plan was absorbed by larger programs.

The recommended budget level includes a \$1,000 per year increase in travel. For six months of FY86, the administrator was acting director of the Law Enforcement Academy. This increase returns travel to a normal operating base.

## COUNTY ATTORNEY PAYROLL

## Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	84.00	28.00	28.00	28.00
Personal Services	1,587,735.00	922,336	925,444	951,101
<b>Total Program Costs</b>	<b>\$1,587,735.00</b>	<b>\$922,336</b>	<b>\$925,444</b>	<b>\$951,101</b>
General Fund	1,587,735.00	922,336	925,444	951,101
<b>Total Funding Costs</b>	<b>\$1,587,735.00</b>	<b>\$922,336</b>	<b>\$925,444</b>	<b>\$951,101</b>
Current Level Services	1,587,735.00	922,336	925,444	951,101
<b>Total Service Costs</b>	<b>\$1,587,735.00</b>	<b>\$922,336</b>	<b>\$925,444</b>	<b>\$951,101</b>

**Program Description**

The County Attorney Payroll Program pays one-half the salary and benefits of the 56 county attorneys from state general fund.

**Budget Issues**

As shown in the above table, there has been a major reduction in FTE and related salaries from FY86 to FY87 and

the 1989 biennium. Appropriations for the 1987 biennium included funding for half the salaries of all county attorneys and deputy county attorneys. During the June Special Session, the Legislature decided to eliminate the State's obligation to pay half the salaries for deputy county attorneys, effective in FY87. The above budget recommendation reflects this decision, providing funding for half of county attorneys' salaries only.

## COMMUNICATIONS BUREAU

## Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	23.05	11.05	23.05	23.05
Personal Services	422,802.67	219,671	428,966	427,857
Operating Expenses	12,484.90	489,180	23,041	23,064
<b>Total Program Costs</b>	<b>\$435,287.57</b>	<b>\$708,851</b>	<b>\$452,007</b>	<b>\$450,921</b>
General Fund	241,562.06	0	0	0
State Special Revenue Fund	193,725.51	708,851	452,007	450,921
<b>Total Funding Costs</b>	<b>\$435,287.57</b>	<b>\$708,851</b>	<b>\$452,007</b>	<b>\$450,921</b>
Current Level Services	435,287.57	708,851	452,007	450,921
<b>Total Service Costs</b>	<b>\$435,287.57</b>	<b>\$708,851</b>	<b>\$452,007</b>	<b>\$450,921</b>

**Program Description**

The Communications Program provides 24-hour, seven day a week communication and radio dispatch from three regional dispatch centers for the Highway Patrol for all of Montana except the area west of the Continental Divide. The program also provides communication and radio dispatch service for other state agencies including the Attorney General, Fire Marshal, Criminal Investigators, Department of Livestock, Fish, Wildlife and Parks, Disaster and Emergency Services and the Highway Department.

**Budget Issues**

Reorganization took place during the 1987 biennium which affected the Communications Bureau and can be seen in the increase of FTE and the reduction of operating expenses. The following table illustrates the changes that took place.

Original FTE allocation	11.05
Transfer to Data Processing Div.	(2.00)
Transfer from Highway Patrol Div.	14.00
<b>Result of Reorganization</b>	<b>23.05</b>

The Criminal Justice Information Network was transferred to the Data Processing Division. Two FTE and approximately \$480,000 in operating expenses were moved.

The communication function of the Highway Patrol Division was merged with the Communication Bureau. This entailed the movement of 14.00 FTE.

Communication costs increase approximately \$8,000 from the FY86 base. This growth is a result of the installation of telephone radio loops - Helena to Missoula and Billings to Glendive - and the installation of the emergency telephone number 525-5555.

The funding recommendation for this bureau changes significantly from the previous funding scheme. It is recommended that the entire bureau be funded from the highway earmarked account. During the June Special Session, the Legislature made the decision to fund all highway patrol functions from the highway earmarked account. The function of the Communications Bureau is to support the highway patrol and is in fact an integral component of the highway patrol.

During the 1987 biennium, the decision to combine the Communications Bureau and the Highway Patrol Division was made, with current operations reflecting this merger. Though this merger is acknowledged, the executive budget book does not consolidate these two budgets. These budgets will be combined and presented to the appropriation subcommittee for review.

LAW ENFORCEMENT ACADEMY DIV.  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	11.00	11.00	10.58	10.58
Personal Services	277,032.44	275,323	295,350	294,893
Operating Expenses	304,723.22	288,049	311,995	319,852
Equipment	6,587.00	0	8,796	8,470
<b>Total Program Costs</b>	<b>\$588,342.66</b>	<b>\$563,372</b>	<b>\$616,141</b>	<b>\$623,215</b>
State Special Revenue Fund	583,584.16	563,372	616,141	623,215
Federal & Other Spec Rev Fund	4,758.50	0	0	0
<b>Total Funding Costs</b>	<b>\$588,342.66</b>	<b>\$563,372</b>	<b>\$616,141</b>	<b>\$623,215</b>
Current Level Services	583,584.16	563,372	616,141	623,215
Modified Level Services	4,758.50	0	0	0
<b>Total Service Costs</b>	<b>\$588,342.66</b>	<b>\$563,372</b>	<b>\$616,141</b>	<b>\$623,215</b>

**Program Description**

The Law Enforcement Academy Division Program provides a professional education and training program in criminal justice for Montana law enforcement officers and other criminal justice personnel, as specified by sections 44-10-101 through 44-10-103, MCA.

**Budget Issues**

As a result of the 60% of 5% cuts and the unfunded pay plan, a .42 FTE attorney position was deleted.

The level of operating expenses reflect two changes. First, rent increases approximately \$7,000 each year from rates established in the lease agreement for the facility. The category of "other" expenses drop with the elimination of a one-time relocation expense.

The equipment recommendation reflects the purchase of training films, audio visual equipment and the replacement of five handguns per year.

Funding from the Academy's tuition account was budgeted at a level \$10,000 below the FY86's level. Budget restrictions have forced a reduction in the number of schools offered at the Academy. This in turn reduces tuition collections.

It is important to note that this budget recommendation reflects costs that will be incurred if the Law Enforcement Academy remains at its present location through the 1989 biennium. Should the Legislature decide to change the loca-

tion of the Academy, the budget will need to be adjusted accordingly.

**Modification Requests**

The budget figures shown above do not include the following modification requests. The Executive Budget includes a reserve to fund those Elected Officials' modifications approved by the Legislature.

This First Responder/Emergency Vehicle modification would provide two different types of training. First Responder would provide 48 hours of certified emergency medical training in lifesaving skills to entry-level officers in the Basic Course. Emergency Vehicle Operation is a 20-hour course for Highway Patrol instructors, increasing vital skills. The cost of this modification is \$18,583 in FY88 and \$24,778 in FY89. Revenue will be generated through fees.

A budget of \$25,310 per year is requested to fund a series of six executive level seminars each year. These seminars will address contemporary issues of concern to criminal justice administrators. Revenue will be generated through participant fees.

Additional Basic Course - Class sizes for the Basic Course offered by the Academy have grown to the point of becoming unmanageable. In order to allow the Law Enforcement Academy to meet the demand for this statutorily mandated training, funding is requested for an additional Basic Course. Requested funding is \$6,750 per year fee generated and \$9,234 per year from the motor vehicle account.

FIRE MARSHAL BUREAU  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	8.00	8.00	7.75	7.75
Personal Services	247,895.10	225,459	231,681	231,948
Operating Expenses	77,134.90	80,452	69,242	69,816
Equipment	14,399.93	10,142	26,872	1,200
<b>Total Program Costs</b>	<b>\$339,429.93</b>	<b>\$316,053</b>	<b>\$327,795</b>	<b>\$302,964</b>
General Fund	326,269.32	316,053	327,795	302,964
Federal & Other Spec Rev Fund	13,160.61	0	0	0
<b>Total Funding Costs</b>	<b>\$339,429.93</b>	<b>\$316,053</b>	<b>\$327,795</b>	<b>\$302,964</b>
Current Level Services	326,269.32	316,053	327,795	302,964
Modified Level Services	13,160.61	0	0	0
<b>Total Service Costs</b>	<b>\$339,429.93</b>	<b>\$316,053</b>	<b>\$327,795</b>	<b>\$302,964</b>

**Program Description**

The Fire Marshal's Program is responsible for reducing the loss of life and property from fire, explosion, and arson. Ser-

vices offered by this program are fire and arson investigation, inspection of state-owned buildings, fire code interpretation and enforcement, and the collection of fire data through the fire incident reporting system.



**Budget Issues**

The 60% of the 5% cuts and the unfunded pay plan resulted in the elimination of a .25 FTE deputy state fire marshall position and a \$6,000 reduction in operating expenses. Operating expenses reduced include contracted services, training and travel.

With the exception of the mentioned reductions, no further adjustments were made to operating expenses.

The equipment recommendation includes seven high band mobile radios and one personal computer in FY88. Also recommended is one gas detector per year. A request for two cars per year was denied.

Funding is 100% from the general fund.

**IDENTIFICATION BUREAU****Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	8.00	7.00	7.00	7.00
Personal Services	166,663.06	161,184	164,108	163,953
Operating Expenses	66,489.74	69,748	68,440	70,471
Equipment	563.04	908	6,674	579
<b>Total Program Costs</b>	<b>\$233,715.84</b>	<b>\$231,840</b>	<b>\$239,222</b>	<b>\$235,003</b>
General Fund	233,715.84	231,840	239,222	235,003
<b>Total Funding Costs</b>	<b>\$233,715.84</b>	<b>\$231,840</b>	<b>\$239,222</b>	<b>\$235,003</b>
Current Level Services	233,715.84	231,840	239,222	235,003
<b>Total Service Costs</b>	<b>\$233,715.84</b>	<b>\$231,840</b>	<b>\$239,222</b>	<b>\$235,003</b>

**Program Description**

The Identification program is responsible for collecting, preserving and disseminating accurate criminal history record information in the state and nationally, and providing latent print services and related training to criminal justice agencies throughout the state. The program also serves as a clearinghouse and central repository for information about missing and unidentified persons.

Travel increases approximately \$1,000 per year. The FY86 travel base was inadvertently reduced by a like amount when a prior year FY85 adjustment was made.

With the above exceptions, a current level budget for operating expenses is recommended.

The equipment recommendation includes a fume cabinet for processing latent fingerprints in FY88. Miscellaneous office equipment is recommended in both years.

**Budget Issues**

A full time fingerprint technician position was eliminated as a result of the 60% of 5% cuts and the non-funding of the pay plan.

**CRIMINAL INVESTIGATION BUREAU****Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	6.00	6.00	6.00	6.00
Personal Services	155,292.94	177,788	180,287	180,279
Operating Expenses	46,914.37	47,613	43,487	43,969
Equipment	3,945.91	0	30,040	9,000
<b>Total Program Costs</b>	<b>\$206,153.22</b>	<b>\$225,401</b>	<b>\$253,814</b>	<b>\$233,248</b>
General Fund	156,835.37	155,109	202,959	181,996
Federal & Other Spec Rev Fund	49,317.85	70,292	50,855	51,252
<b>Total Funding Costs</b>	<b>\$206,153.22</b>	<b>\$225,401</b>	<b>\$253,814</b>	<b>\$233,248</b>
Current Level Services	199,153.22	225,401	253,814	233,248
Modified Level Services	7,000.00	0	0	0
<b>Total Service Costs</b>	<b>\$206,153.22</b>	<b>\$225,401</b>	<b>\$253,814</b>	<b>\$233,248</b>

**Program Description**

The Criminal Investigation Program, directed by the Criminal Investigation Bureau, General Investigation Section, assists "city, county, state and federal law enforcement agencies at their request by providing expert and immediate aide in investigation and solution of felonies committed in Montana" (Section 44-2-115(1), MCA) and investigates "any apparent violation of penal statutes disclosed by the audit of a state agency; conducted by the Legislative Auditor and reported by him to the Attorney General and the Governor (Section 5-13-304(4), MCA). The program also collects, analyzes, and disseminates criminal investigative information

throughout the law enforcement community in Montana and other states.

**Budget Issues**

Operating expenses drop approximately \$4,000 from the FY86 base. Travel was reduced by \$1,400 as a result of the 60% of 5% cuts.

The remaining difference is accounted for by expenses incurred through budget amendment and are not considered as part of the expenditure base. A Board of Crime Control grant was received for stolen property investigations. These budget amendment expenses also account for \$3,700 of FY86 equipment expenses.

The recommended equipment budget includes one car each year plus four high band mobile radios, one base station and computer software in FY88.

Funding for the Criminal Investigation Bureau is from the general fund and a Rocky Mountain Information network grant.

#### Modification Request

The budget figures shown above do not include the following budget modification request. The Executive Budget includes a reserve to fund those Elected Officials' modifications approved by the Legislature

The Department proposes to create a special investigation unit, similar to the undercover unit funded by a grant to the Coal Counties Task Force, to investigate the sale of narcotics and stolen property. The Federal Omnibus Crime bill, which Congress enacted in 1986, established a grant program to help states fund programs to combat drug-related crime. The Department anticipates that the State will be eligible for \$500,000 of these grant funds. The grant program requires a 25% match for all funds. The Department proposes to fund the match with state special revenue funds from the sale of smokeless tobacco. The cost of this modification is \$415,415 in FY88 and \$276,584 in FY89.

#### SPECIAL INVESTIGATION SECTION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	5.75	5.00	5.00	5.00
Personal Services	164,808.23	145,709	146,780	146,820
Operating Expenses	86,155.79	125,666	84,780	83,214
Equipment	16,618.62	0	0	0
<b>Total Program Costs</b>	<b>\$267,582.64</b>	<b>\$271,375</b>	<b>\$231,560</b>	<b>\$230,034</b>
Federal & Other Spec Rev Fund	267,582.64	271,375	231,560	230,034
<b>Total Funding Costs</b>	<b>\$267,582.64</b>	<b>\$271,375</b>	<b>\$231,560</b>	<b>\$230,034</b>
Current Level Services	231,927.32	271,375	231,560	230,034
Modified Level Services	35,655.32	0	0	0
<b>Total Service Costs</b>	<b>\$267,582.64</b>	<b>\$271,375</b>	<b>\$231,560</b>	<b>\$230,034</b>

#### Program Description

The Criminal Investigation directed by the Criminal Investigation Bureau, Special Investigation Section, provides undercover criminal investigative services, primarily in illegal drugs and stolen property, to the Eastern Coal Counties Task Force. The program is funded by grants from the Montana Coal Board and the Montana Board of Crime Control. The counties served are Yellowstone, Big Horn, Rosebud, Treasure, Powder River, Custer, Musselshell, Stillwater and Carbon.

#### Budget Issues

FY86 base expenditures include budget amendment expenditures for narcotics and stolen property investigations. The expenditures include .75 FTE, \$6,000 in con-

tracted services, \$1,200 in travel, and \$2,800 in rent. These expenses are not considered part of the FY86 base and are not included in the 1989 biennium budgets.

Reductions from the 60% of the 5% cuts and the unfunded pay plan affected rent and insurance. Rent was reduced \$3,000 because the program moved to cheaper office space. The program requested a \$12,000 increase in agent liability insurance because the Eastern Coal Counties Task Force paid the majority of this expense in FY86. The \$12,000 request was reduced by \$4,500 as part of the cuts.

Operating costs drop slightly in FY89 because \$1,800 for the audit of grant expenditures occurs only in FY88.

Funding for this program comes from a Coal Board Grant.

#### CENTRAL SERVICES DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	10.00	10.00	9.15	9.15
Personal Services	269,882.22	271,422	259,727	259,592
Operating Expenses	98,533.34	87,233	125,110	95,560
Equipment	7,348.25	8,241	11,000	11,000
<b>Total Program Costs</b>	<b>\$375,763.81</b>	<b>\$366,896</b>	<b>\$395,837</b>	<b>\$366,152</b>
General Fund	353,680.59	360,765	363,151	355,152
State Special Revenue Fund	21,488.22	6,131	30,662	11,000
Federal & Other Spec Rev Fund	0.00	0	1,446	0
Proprietary Fund	595.00	0	578	0
<b>Total Funding Costs</b>	<b>\$375,763.81</b>	<b>\$366,896</b>	<b>\$395,837</b>	<b>\$366,152</b>
Current Level Services	375,763.81	366,896	395,837	366,152
<b>Total Service Costs</b>	<b>\$375,763.81</b>	<b>\$366,896</b>	<b>\$395,837</b>	<b>\$366,152</b>

#### Program Description

The Central Services Division provides the administrative, budgetary, accounting, and fiscal support for the Department of Justice.

#### Budget Issues

Reductions from the 60% of the 5% cuts and the unfunded pay plan were addressed through the elimination of a .85 FTE accounting technician position.

Operating expenses increase substantially from the FY86 base in FY88 and then decrease again in FY89. This is the result of the biennial Legislative Audit expense which is budgeted in the first year of the biennium but expended over the course of two years. Less than half the biennial appropriation was spent in FY86, resulting in an increase when compared to FY88. Repair and maintenance costs increase by \$12,614 in FY88 and \$11,460 in FY89. This is a new charge from the Department of Fish, Wildlife, and

Parks and reflects the grounds maintenance costs for the Helena based offices of the Department of Justice.

The equipment recommendation of \$11,000 represents authority to collect insurance payments for damaged automobiles and to pay the related repair bills.

Federal and state special revenue authority in FY88 includes prorated shares of the biennial Legislative Audit costs. These funding sources decrease in FY89.

DATA PROCESSING DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	15.00	10.00	15.00	15.00
Personal Services	337,336.95	292,563	419,796	419,342
Operating Expenses	456,685.49	14,716	484,794	481,714
Equipment	10,153.47	395	8,221	8,221
<b>Total Program Costs</b>	<b>\$804,175.91</b>	<b>\$307,674</b>	<b>\$912,811</b>	<b>\$909,277</b>
General Fund	310,793.10	307,674	301,225	307,690
State Special Revenue Fund	493,382.81	0	611,586	601,587
<b>Total Funding Costs</b>	<b>\$804,175.91</b>	<b>\$307,674</b>	<b>\$912,811</b>	<b>\$909,277</b>
Current Level Services	804,175.91	307,674	912,811	909,277
<b>Total Service Costs</b>	<b>\$804,175.91</b>	<b>\$307,674</b>	<b>\$912,811</b>	<b>\$909,277</b>

#### Program Description

The Data Processing Program provides a full range of automated data processing and telecommunication services for the Department of Justice including: system development and maintenance of the motor vehicle registration system, driver history, criminal history record information system, and Montana Uniform Crime Report; computer operator support for the Armory computer center; and system development and support for the Criminal Justice Information Network (CJIN). CJIN links law enforcement/criminal justice agencies with information sources at local, state and national levels by interfacing with the National Law Enforcement Telecommunications System (NLETS), the National Crime Information Center (NCIC) and numerous State of Montana files.

FTE increase by five positions. This increase is a result of the following actions:

Original FTE allocation	10.00
Transfer from the Criminal Justice Information Network	2.00
Transfer from Drivers Services Bur.	3.00
<b>Recommended FTE level</b>	<b>15.00</b>

The Criminal Justice Information Network was transferred to the Data Processing Division from the Communications Bureau. This transfer included 2.00 FTE and \$480,000 in operating expenses.

Of the three FTE transferred from the Driver Services Bureau, one position is a computer operator and represents the Department's share of staffing the Armory computer operation site in accordance with legislative directive. The remaining two FTE are individuals who will be working on the motor vehicle system rewrite.

The equipment recommendation is for the purchase of two terminals and two printers each year, as well as various office equipment.

#### Budget Issues

Reductions from the 60% of the 5% cuts and the unfunded pay plan were all taken from operating expenses. Over \$26,000 of expenses were eliminated by reducing data processing services from Department of Administration, eliminating a line charge for the Criminal Justice Information Network, reducing maintenance contracts, and cutting supplies.

EXTRADITION & TRANSP PRISONERS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	147,337.06	158,457	144,971	144,979
<b>Total Program Costs</b>	<b>\$147,337.06</b>	<b>\$158,457</b>	<b>\$144,971</b>	<b>\$144,979</b>
General Fund	147,337.06	158,457	144,971	144,979
<b>Total Funding Costs</b>	<b>\$147,337.06</b>	<b>\$158,457</b>	<b>\$144,971</b>	<b>\$144,979</b>
Current Level Services	147,337.06	158,457	144,971	144,979
<b>Total Service Costs</b>	<b>\$147,337.06</b>	<b>\$158,457</b>	<b>\$144,971</b>	<b>\$144,979</b>

#### Program Description

The Extradition and Transportation of Prisoners Program reviews and processes claims to reimburse sheriffs for

expenses of extraditing criminals, and transporting prisoners to state prison.

**Budget Issues**

The reduction in operating expenditures from FY86 to FY88 and FY89 reflects the impact of the 60% of the 5% cuts. No other changes were made to this budget.

It should be noted that expenditures for this program are uncontrollable and therefore difficult, at best, to project.

**FORENSIC SCIENCE DIVISION**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	15.00	15.00	14.00	14.00
Personal Services	477,603.57	478,677	474,258	473,867
Operating Expenses	210,284.62	180,848	283,125	286,410
Equipment	49,456.78	0	42,869	23,664
<b>Total Program Costs</b>	<b>\$737,344.97</b>	<b>\$659,525</b>	<b>\$800,252</b>	<b>\$783,941</b>
General Fund	0.00	0	291,687	368,327
State Special Revenue Fund	733,124.13	659,525	508,565	415,614
Federal & Other Spec Rev Fund	4,220.84	0	0	0
<b>Total Funding Costs</b>	<b>\$737,344.97</b>	<b>\$659,525</b>	<b>\$800,252</b>	<b>\$783,941</b>
Current Level Services	733,124.13	659,525	800,252	783,941
Modified Level Services	4,220.84	0	0	0
<b>Total Service Costs</b>	<b>\$737,344.97</b>	<b>\$659,525</b>	<b>\$800,252</b>	<b>\$783,941</b>

**Program Description**

The Forensic Science Program, which includes the Laboratory of Criminalistics and the State Medical Examiner, provides for a statewide system of death investigations, forensic science training, scientific criminal analysis. The program provides for the determination of the cause of death in certain cases and the scientific examination of specimens submitted by law enforcement officials, coroners, and state agencies. The division tests firearms, toolmarks, hair, fiber, drugs, blood, analyzes blood, breath, and urine samples in connection with Driving Under the Influence of Alcohol or Drugs (DUI) and provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments. The laboratory also performs drug and alcohol screens for the State Department of Institutions.

**Budget Issues**

The reductions from the 60% of the 5% cuts and the unfunded pay plan were addressed through the elimination of a full time chemist position and the reduction \$5,100 in miscellaneous operating expenditures.

Operating expenditures in the areas of rent and repair and maintenance were increased significantly. Rent increases by more than \$46,000 per year. The recommendation of Architecture and Engineering Division was to relocate the Forensic Science Division. The new location has increased square footage and a higher per square foot charge. The costs of maintenance contracts increase by over \$18,000 in FY88 and \$23,000 in FY89. These increased maintenance contracts are for toxilizers purchased throughout the 1987 biennium with federal grant funds.

Equipment recommendations for FY88 include a gas chromatograph, two fume hoods and two typewriters. Another gas chromatograph and an analytical balance are recommended for FY89.

There is a significant change in funding as general fund increases by \$291,000 in FY88 and \$368,000 in FY89, with a like reduction in the motor vehicle account. As discussed in the agency narrative, the appropriated expenditure level from the motor vehicle account during the 1987 biennium was designed to draw down the existing fund balance. This fund balance no longer exists and the account cannot continue to support the 1987 level of expenditures.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	46.00	46.00	45.00	45.00
Personal Services	1,275,580.28	1,327,263	1,328,002	1,326,579
Operating Expenses	310,231.62	374,998	320,197	319,023
Equipment	39,423.61	26,396	30,525	23,605
Capital Outlay	0.00	0	20,000	7,000
Transfers	5,000.00	0	0	0
<b>Total Agency Costs</b>	<b>\$1,630,235.51</b>	<b>\$1,728,657</b>	<b>\$1,698,724</b>	<b>\$1,676,207</b>
General Fund	1,591,501.64	0	0	0
State Special Revenue Fund	0.00	1,662,738	1,644,164	1,618,705
Federal & Other Spec Rev Fund	30,033.20	50,919	39,560	42,502
Proprietary Fund	8,700.67	15,000	15,000	15,000
<b>Total Funding Costs</b>	<b>\$1,630,235.51</b>	<b>\$1,728,657</b>	<b>\$1,698,724</b>	<b>\$1,676,207</b>
Current Level Services	1,630,235.51	1,728,657	1,698,724	1,676,207
<b>Total Service Costs</b>	<b>\$1,630,235.51</b>	<b>\$1,728,657</b>	<b>\$1,698,724</b>	<b>\$1,676,207</b>

### Agency Description

The purpose of the Department of Public Service Regulation is to regulate the public utility, motor carrier, and railroad industries to provide safe, reliable, and adequate services at the lowest achievable cost to the consumers while concurrently providing the regulated industries with a fair and reasonable return on their investment for the services rendered. The department is provided for in sections 2-15-2601 and 69-1-102, MCA. The department operates under one program - Public Service Commission.

### Budget Issues

The Public Service Commission met its obligation of the unfunded pay plan through the reduction of 1.0 FTE and through reductions in out-of-state travel and building materials.

The agency requests 45.0 FTE in FY88 and in FY89. A four percent vacancy savings is applied.

In June 1986, the Special Session of the Legislature adopted House Bill 45, which finances the operations of the Public Service Commission with a tax on the net income of regulated companies. The tax expires July 1, 1987. However, the Commission plans to make a legislative request to extend the tax and continue funding the Commission with the revenues.

The Governor believes that Elected Officials should be allowed to present their modification requests directly to the legislature, since they have the best knowledge of their priorities for new services.

Therefore, the budget recommendations for Elected Officials programs do not include funds for modification requests. Rather, each modification is described and its cost and source of funding detailed. The Executive Budget includes a reserve to fund those Elected Officials modification requests approved by the legislature.

During FY86, the Natural Gas Pipeline Safety Program expended only 55% of appropriated funds. However, the Commission anticipates that during the 1988-1989 biennium the Natural Gas Pipeline Safety Program will be carrying out its regular inspections. The FY88 and FY89 requests

reflect the appropriated FY86 level, not actual funds spent. This program is a 50/50 split with the federal government.

The Railroad Safety Program historically has been funded 50 percent state and 50 percent federal funding. With reductions in the federal budget, the agency is requesting more emphasis be placed on state special funds. The Public Service Commission is requesting a total of \$40,118 in FY88, of which \$26,708 is state special; and a total of \$49,118 in FY89, of which \$32,418 is state special.

Included in the requested budget is: 1) Audit costs of \$12,480 for FY88 and FY89; 2) \$20,000 per year in court reporter fees; 3) \$800 per year to monitor BTU content of natural gas distributed by the regulated utilities.

### Modification Requests

Data Processing Consultant - The request is for the funding to implement data processing applications which remain to be developed by consultants and for a uninterruptible power supply for its System 36 computer. The funding source for this project is state special revenue.

FY88 = \$57,000

FY89 = 0

Equipment Inspector - The Commission requests 1.0 FTE equipment inspector to conduct inspections on all railroad stock in the State of Montana. This program would be funded by the State and the federal government. PSC is requesting a total of \$43,691 in FY88 with \$26,582 from the State Special Revenue and \$34,217 for FY89 with \$20,387 in State Special Revenue funds.

FY88 = \$43,691

FY89 = \$34,217

Consultants - The commission requests funds to continue to hire consultants for: 1) situations when the Consumer Counsel is unable or declines to develop certain issues 2) to protect the States interests in regard to Federal regulatory bodies. The funding source is State Special Revenue.

FY88 = \$50,000

FY89 = \$50,000

Toll Free Number - The Commission requests the funds necessary to install a toll free number for Montana residents to use for consumer complaints and inquiries. The funding source is State Special Revenue.

FY88 = \$10,184

FY89 = \$10,122

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	65,321.57	67,094	69,191	69,090
Operating Expenses	37,928.52	32,707	34,505	32,221
Equipment	2,420.00	0	0	0
<b>Total Agency Costs</b>	<b>\$105,670.09</b>	<b>\$99,801</b>	<b>\$103,696</b>	<b>\$101,311</b>
General Fund	105,670.09	99,801	103,696	101,311
<b>Total Funding Costs</b>	<b>\$105,670.09</b>	<b>\$99,801</b>	<b>\$103,696</b>	<b>\$101,311</b>
Current Level Services	105,670.09	99,801	103,696	101,311
<b>Total Service Costs</b>	<b>\$105,670.09</b>	<b>\$99,801</b>	<b>\$103,696</b>	<b>\$101,311</b>

#### Agency Description

The Board of Public Education, created by Article X, Section 9 of the 1972 Montana Constitution, consists of seven voting members appointed by the Governor and confirmed by the Senate. The board is charged with exercising "general supervision over the public school system." The board is also designated by statute as the governing board of the Montana School for the Deaf and Blind and the Montana Fire Services Training School. Together with the Board of Regents, the board does the general planning, coordinating and evaluation of the state's educational system. (Title 20, Chapter 2, MCA).

The Board accredits all schools, certifies all teachers, adopts policies for special education, administers and orders the distribution of state equalization aid, and sets standards for school buses and drivers. The Board's standards are the basis for eligibility for local school districts to receive state funds. Also, the Board hears cases regarding denial, suspension and revocation of teacher certificates and reviews teacher education programs leading to interstate reciprocity.

Board staff administers Board meetings, researches policy, collects reports and reviews and writes policy for consist-

ency with statutes and rules, keeps records of the Board's actions, provides testimony to the Legislature, determines fiscal notes for any changes in standards which impact local schools, and maintains liaison with the Superintendent of Public Instruction, the Commissioner of Higher Education, professional organizations and the public at large.

#### Budget Issues

The recommended budget for the Board of Public Education generally reflects the current level. Personal services are up slightly due to a vacancy in the clerical position in FY86. Board compensation increases as a result of the change in board per diem rates approved by the 1985 Legislature. Although that law was approved, it was not funded in the 1987 biennium. The board compensation reflects full funding in accordance with existing law. It is anticipated that legal fees will decline from the FY86 base of \$7,182 to \$4,200 in FY88 and \$4,289 in FY89 because of reduced activity in the sex equity lawsuit. Contracted services increase \$2,400 in FY88 for the Legislative audit. The reductions made in the June 1986 Special Session included the elimination of dues for the National Association of State Boards of Education. This expense is not included in the recommended budget.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	26.50	26.50	28.85	28.85
Personal Services	825,123.20	812,655	937,394	936,773
Operating Expenses	796,079.68	1,308,230	1,251,688	1,349,279
Equipment	22,149.75	10,307	0	0
Local Assistance	3,237,163.68	3,158,520	3,178,852	3,155,392
Grants	4,693,527.86	4,572,369	4,699,438	4,688,375
Benefits and Claims	0.00	0	8,211,000	8,731,800
Transfers	97,115,968.00	94,811,155	91,753,897	91,855,007
<b>Total Agency Costs</b>	<b>\$106,690,012.17</b>	<b>\$104,673,236</b>	<b>\$110,032,269</b>	<b>\$110,716,626</b>
General Fund	88,729,604.87	81,431,571	85,083,313	84,930,845
State Special Revenue Fund	16,805,328.00	21,671,074	15,024,000	15,243,000
Federal & Other Spec Rev Fund	1,155,079.30	1,570,591	1,307,302	1,354,135
Proprietary Fund	0.00	0	8,615,974	9,186,646
Agency Fund	0.00	0	1,680	2,000
<b>Total Funding Costs</b>	<b>\$106,690,012.17</b>	<b>\$104,673,236</b>	<b>\$110,032,269</b>	<b>\$110,716,626</b>
Current Level Services	106,572,434.95	104,673,236	101,259,668	101,372,130
Modified Level Services	117,577.22	0	8,772,601	9,344,496
<b>Total Service Costs</b>	<b>\$106,690,012.17</b>	<b>\$104,673,236</b>	<b>\$110,032,269</b>	<b>\$110,716,626</b>

**Agency Description**

The Commissioner of Higher Education is the chief administrative officer of the Montana University System. Article X, Section 9 of the Montana Constitution provides that the regents appoint the Commissioner and prescribe the powers and duties of the office. The Commissioner's responsibilities

include the following: academic planning and curriculum review, budgetary planning and control, provision of legal services to campuses, facilities planning, establishment of labor negotiation policies and procedures, and coordination of community colleges in accordance with state law and regent policies. The Commissioner also administers programs pertaining to student aid.

ADMINISTRATION PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	15.60	15.60	14.40	14.40
Personal Services	567,231.75	557,043	573,217	572,989
Operating Expenses	210,845.05	213,251	218,545	218,718
Equipment	17,518.39	307	0	0
<b>Total Program Costs</b>	<b>\$795,595.19</b>	<b>\$770,601</b>	<b>\$791,762</b>	<b>\$791,707</b>
General Fund	795,595.19	770,601	791,762	791,707
<b>Total Funding Costs</b>	<b>\$795,595.19</b>	<b>\$770,601</b>	<b>\$791,762</b>	<b>\$791,707</b>
Current Level Services	795,595.19	770,601	791,762	791,707
<b>Total Service Costs</b>	<b>\$795,595.19</b>	<b>\$770,601</b>	<b>\$791,762</b>	<b>\$791,707</b>

**Program Description**

The staff of the Administration program; provide academic planning and curriculum review; make budgetary recommendations and provide for budgetary review; perform facilities planning and make recommendations; set policies and procedures relating to labor negotiations; maintain and provide legal services for the campuses; coordinate community colleges in accordance with state law and regent policies; and promulgate and review management information systems, including accounting.

**Budget Issues**

The total amount to be cut from the base of this program is \$44,226. The agency removed 1.20 FTE from general fund to meet the pay plan cut amount - .50 FTE was cut. .70 FTE was transferred to other funding sources within the Commissioner's Office. Operating base expenses were cut by approximately \$22,600 per year to achieve the rest of the cut. The only increases allowed in the operational budget were for increased rates for fixed costs: audit, insurance and bonds, messenger services, Department of Administration computer charges.

STUDENT ASSISTANCE PROGRAM  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	53,000.00	56,000	59,000	62,000
Grants	4,579,395.00	4,572,369	4,642,802	4,631,739
<b>Total Program Costs</b>	<b>\$4,632,395.00</b>	<b>\$4,628,369</b>	<b>\$4,701,802</b>	<b>\$4,693,739</b>
General Fund	2,017,878.00	796,295	2,341,802	2,315,739
State Special Revenue Fund	2,421,328.00	3,622,074	2,100,000	2,118,000
Federal & Other Spec Rev Fund	193,189.00	210,000	260,000	260,000
<b>Total Funding Costs</b>	<b>\$4,632,395.00</b>	<b>\$4,628,369</b>	<b>\$4,701,802</b>	<b>\$4,693,739</b>
Current Level Services	4,632,395.00	4,628,369	4,651,802	4,643,739
Modified Level Services	0.00	0	50,000	50,000
<b>Total Service Costs</b>	<b>\$4,632,395.00</b>	<b>\$4,628,369</b>	<b>\$4,701,802</b>	<b>\$4,693,739</b>

## Program Description

The Student Assistance Program consists of: the Western Interstate Commission on Higher Education (WICHE) Student Exchange Program which provides education opportunities for Montana students in the fields of medicine, dentistry, veterinary medicine, optometry, public health, occupational therapy, podiatry; the cooperative dental education agreement with the University of Minnesota; the State Student Incentive Grant (SSIG) program which provides loan funds to needy students - 50% from federal funds and 50% matching state funds; the National Direct Student Loan (NDSL) program which provides loan funds to students by the schools matching a basic amount appropriated by the legislature; and the state's share of Montana's Workstudy Program (Title 20, chapter 25, part 7, MCA).

## Budget Issues

The amount by which student assistance is to be reduced is \$25,050, which is sixty percent of the \$41,749 cut by the June Special Session. That amount was reduced from the student assistance base. However, because Regents' Coal Trust Interest revenues are projected to decline below the 1987 biennium level by about \$885 thousand in the 1989 biennium, general fund increases even with a reduced level of student support. The number of funded WICHE slots continues to decline from 142 in FY86 to 133 in FY87 to 12 less by the end of the 1989 biennium. WAMI slots remain constant at 60 per year, but Minnesota Rural Dentistry slots drop by two. The number of students in the state's workstudy program drops by 47 from the 1987 level.

		FY88		FY89	
		Amount	Slots	Amount	Slots
WICHE Admin.	(Coal)	\$ 59,000		\$ 62,000	
WICHE Support	(Coal)	1,875,234	121	1,769,068	121
WAMI *	(GF)	1,732,852	60	1,704,789	60
	(Coal)	165,766		286,932	
RURAL DENT.	(GF)	113,000	10	115,000	10
SSIG	(GF match)	175,000		175,000	
	(Federal)	210,000		210,000	
NDSL	(GF)	55,000		55,000	
WORKSTUDY **	(GF)	265,950	727	265,950	727
<b>TOTAL</b>		<b>\$ 4,651,802</b>		<b>\$ 4,643,739</b>	

\* Washington, Alaska, Montana, Idaho cooperative agreement.

\*\* The general fund portion is 70% of the total. Slots = total served.

## Modification Request

The Carl Perkins Scholarship Program is a federally-funded program that provides \$5,000 scholarships to outstanding high school students to encourage them to pursue careers as teachers. The legislation requires that the recipient teach at the elementary or secondary level for two years for each year of scholarship assistance. A recipient who does not

complete the teaching obligation is required to repay the amount of the scholarship prorated according to the teaching obligation not completed. Appropriation authority was added by budget amendment in FY86.

FY88 = \$ 50,000

FY89 = \$ 50,000



ED. FOR ECON. SECURITY GRANT  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	3,444.36	0	1,364	1,364
Grants	114,132.86	0	56,636	56,636
<b>Total Program Costs</b>	<b>\$117,577.22</b>	<b>\$0</b>	<b>\$58,000</b>	<b>\$58,000</b>
Federal & Other Spec Rev Fund	117,577.22	0	58,000	58,000
<b>Total Funding Costs</b>	<b>\$117,577.22</b>	<b>\$0</b>	<b>\$58,000</b>	<b>\$58,000</b>
Modified Level Services	117,577.22	0	58,000	58,000
<b>Total Service Costs</b>	<b>\$117,577.22</b>	<b>\$0</b>	<b>\$58,000</b>	<b>\$58,000</b>

**Program Description**

The federal Education for Economic Security Act provides funds to be used to upgrade the teaching skills of teachers in the mathematics and science disciplines. Grants are awarded to all institutions of higher education within the state on a competitive basis. Priorities for the grants are:

1. Inservice training for elementary, secondary and vocational school teachers to improve their teaching skills in the fields of mathematics and science.

2. Retraining teachers who are currently teaching without proper certification in mathematics and science.
3. Retraining teachers who are currently teaching in other disciplines so they will specialize in teaching mathematics and science.
4. Traineeship programs for new teachers who will specialize in mathematics and science.

**Budget Issues**

This program was added by budget amendment in FY86.

FY88 = \$ 58,000

FY89 = \$ 58,000

COMMUNITY COLLEGE ASSISTANCE  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	3,184,163.68	3,102,520	3,119,852	3,093,392
<b>Total Program Costs</b>	<b>\$3,184,163.68</b>	<b>\$3,102,520</b>	<b>\$3,119,852</b>	<b>\$3,093,392</b>
General Fund	3,184,163.68	3,102,520	3,119,852	3,093,392
<b>Total Funding Costs</b>	<b>\$3,184,163.68</b>	<b>\$3,102,520</b>	<b>\$3,119,852</b>	<b>\$3,093,392</b>
Current Level Services	3,184,163.68	3,102,520	3,119,852	3,093,392
<b>Total Service Costs</b>	<b>\$3,184,163.68</b>	<b>\$3,102,520</b>	<b>\$3,119,852</b>	<b>\$3,093,392</b>

**Program Description**

The Community College Program distributes funds appropriated by the legislature for the support of Montana's three community colleges: Miles City Community College, Flathead Valley Community College, and Dawson Community College. The 1981 Legislature implemented a funding formula developed by the Legislative Finance Committee, which is addressed in sections 20-15-310 and 20-15-312, MCA.

**Budget Issues**

The reduction of appropriation authority during FY87 effectively reduced the percent of the community colleges' general fund support from 52% of their total current unrestricted budgets to 49%. That proportion of general fund support was continued through the 1989 biennium.

Student FTE enrollment projections were frozen at Fall 1986 levels for the 1989 biennium. The support cost per FTE student used in the Executive Budget calculations is \$3,694 per student. This support cost reflects the reduced appropriation authority for both operations and the pay plan resulting from the June Special Session.

The distribution of student FTE, total unrestricted budget and recommended general fund support for each community college is:

FY88*	FTE	TOTAL BUDGET	GENERAL FUND
Dawson CC	406	\$ 1,517,764	\$ 743,704
Flathead Valley CC	900	3,342,600	1,637,874
Miles CC	403	1,506,682	738,274
Totals	1,709	\$ 6,367,046	\$ 3,119,852

\* Includes \$18,000 for each unit's audit, of which general fund pays 49%, or \$8,820 per unit.

FY89	FTE	TOTAL BUDGET	GENERAL FUND
Dawson CC	406	\$ 1,499,764	\$ 734,884
Flathead Valley CC	900	3,324,600	1,629,054
Miles CC	403	\$ 1,488,682	\$ 729,454
Totals	1,709	\$ 6,313,046	\$ 3,093,392

**MUS GROUP INSURANCE PROGRAM**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.00	.00	2.50	2.50
Personal Services	0.00	0	72,338	72,245
Operating Expenses	0.00	0	332,636	382,601
Benefits and Claims	0.00	0	8,211,000	8,731,800
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$8,615,974</b>	<b>\$9,186,646</b>
Proprietary Fund	0.00	0	8,615,974	9,186,646
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$8,615,974</b>	<b>\$9,186,646</b>
Modified Level Services	0.00	0	8,615,974	9,186,646
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$8,615,974</b>	<b>\$9,186,646</b>

**Program Description**

The Montana University System Group Insurance program provides a partially self-insured insurance plan for university system employees, including all authorized affiliated group employees.

Creation of the plan was authorized by the Board of Regents in June, 1984.

**Budget Issues**

This program was transferred from an auxilliary fund account at the Montana College of Mineral Science and Technology into a proprietary fund account within the Commissioner's Office. The plan had been accounted in the

auxilliary fund due to the concern that interest earnings on plan reserves might be deposited in the state's general fund rather than be returned to the program reserves to continue the viability of the group insurance effort. The establishment of the plan was authorized in June, 1984. The program was added to the Commissioner's Office by budget amendment in FY87. Programs added by budget amendment are automatically considered modifications in the next biennium's budget recommendations.

The staff level for administering this program was authorized at 2.50 FTE. Staff support from the Commissioner's administration program was transferred to this program in an aggregate of .65 FTE of that total.

**TALENT SEARCH**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	6.00	6.00	6.00	6.00
Personal Services	120,620.93	116,112	120,600	120,505
Operating Expenses	37,173.07	49,360	33,034	33,009
<b>Total Program Costs</b>	<b>\$157,794.00</b>	<b>\$165,472</b>	<b>\$153,634</b>	<b>\$153,514</b>
Federal & Other Spec Rev Fund	157,794.00	165,472	153,634	153,514
<b>Total Funding Costs</b>	<b>\$157,794.00</b>	<b>\$165,472</b>	<b>\$153,634</b>	<b>\$153,514</b>
Current Level Services	157,794.00	165,472	153,634	153,514
<b>Total Service Costs</b>	<b>\$157,794.00</b>	<b>\$165,472</b>	<b>\$153,634</b>	<b>\$153,514</b>

**Program Description**

Talent Search is a federally funded program to provide career and financial aid counseling to students who are either low-income, physically handicapped, or culturally deprived. The program's objectives are to decrease the high school dropout rate in targeted high schools and to increase

enrollment of disadvantaged students in Montana's post-secondary institutions.

**Budget Issues**

The amount of the base reduction for unfunded pay plan is \$2,533. That amount was removed from the base.

COMMISSIONERS APPROP DISTRIB Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Transfers	97,115,968.00	94,811,155	91,753,897	91,855,007
<b>Total Program Costs</b>	<b>\$97,115,968.00</b>	<b>\$94,811,155</b>	<b>\$91,753,897</b>	<b>\$91,855,007</b>
General Fund	82,731,968.00	76,762,155	78,829,897	78,730,007
State Special Revenue Fund	14,384,000.00	18,049,000	12,924,000	13,125,000
<b>Total Funding Costs</b>	<b>\$97,115,968.00</b>	<b>\$94,811,155</b>	<b>\$91,753,897</b>	<b>\$91,855,007</b>
Current Level Services	97,115,968.00	94,811,155	91,753,897	91,855,007
<b>Total Service Costs</b>	<b>\$97,115,968.00</b>	<b>\$94,811,155</b>	<b>\$91,753,897</b>	<b>\$91,855,007</b>

**Program Description**

The Distribution Program serves as the vehicle for transfer of general fund and six mill levy fund appropriations to all units of the Montana University System.

**Budget Issues**

The general fund and six-mill levy revenues are transferred to the units of the university system through this program in

the Commissioner's Office. The other funds appropriated for support of the system are appropriated through the individual units.

The millage amounts included for support of the system reflect the assumptions of statewide taxable valuation adopted by the Governor's Revenue Estimating Advisory Council at their November 10, 1986, meeting and the impact of the Governor's revenue proposals.

WELLNESS FUNDS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	0.00	0	1,680	2,000
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,680</b>	<b>\$2,000</b>
Agency Fund	0.00	0	1,680	2,000
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,680</b>	<b>\$2,000</b>
Modified Level Services	0.00	0	1,680	2,000
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,680</b>	<b>\$2,000</b>

**Program Description**

The Wellness Program is intended to contain health insurance costs by helping university system employees and their families maintain or improve their physical and mental health. The program consists of employee education on healthy lifestyles. Risk reduction activities related to blood

pressure, diet, alcohol and tobacco use, and exercise are sponsored by the program.

**Budget Issues**

This program will be implemented in FY88 with funds from the Montana University System Group Insurance program.

FED INDIRECT COST RECOVERIES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	0.00	0	12,081	12,131
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$12,081</b>	<b>\$12,131</b>
Federal & Other Spec Rev Fund	0.00	0	12,081	12,131
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$12,081</b>	<b>\$12,131</b>
Modified Level Services	0.00	0	12,081	12,131
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$12,081</b>	<b>\$12,131</b>

**Program Description**

This program separately accounts for federal indirect cost recovery funds received by the Commissioner's Office. The funds will pay for support services provided by the general

funded administration program to the federal programs within the Office.

**Budget Issues**

This program was established by budget amendment in FY87. It was set up in response to accounting requirements

that agencies record a general fund revenue and a federal fund expenditure when paying statewide cost allocation portions of federal indirect cost recoveries. This agency previ-

ously reversed federal revenues and did not need appropriation authority for expenditures.

GUARANTEED STUDENT LOAN PROGRAM Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	4.90	4.90	5.95	5.95
Personal Services	137,270.52	139,500	171,239	171,034
Operating Expenses	544,617.20	1,045,619	652,348	699,456
Equipment	4,631.36	10,000	0	0
<b>Total Program Costs</b>	<b>\$686,519.08</b>	<b>\$1,195,119</b>	<b>\$823,587</b>	<b>\$870,490</b>
Federal & Other Spec Rev Fund	686,519.08	1,195,119	823,587	870,490
<b>Total Funding Costs</b>	<b>\$686,519.08</b>	<b>\$1,195,119</b>	<b>\$823,587</b>	<b>\$870,490</b>
Current Level Services	686,519.08	1,195,119	788,721	834,771
Modified Level Services	0.00	0	34,866	35,719
<b>Total Service Costs</b>	<b>\$686,519.08</b>	<b>\$1,195,119</b>	<b>\$823,587</b>	<b>\$870,490</b>

#### Program Description

The staff of the Guaranteed Student Loan Program provide administrative coordination of the state's authorized student loan program. The program began July 1, 1980, to make improved opportunities for education available to students by guaranteeing loans from private lending institutions.

#### Budget Issues

The amount of the unfunded pay plan reduced from this program's operating base is \$10,800. Staff level increases by .05 FTE from the Commissioner's administration program.

The approximately \$100,000 increase in this program over the FY86 base is directly related to the maturation process for this program. Expanding loan volume should continue for another three years. (It typically takes eight to ten years for a student loan program to mature - Montana's program is six years old.) Servicing fees are the largest operating cost. Fees are calculated on the basis of .003 of the outstanding

loan value. In FY86 the loan value was \$135 - \$150 million; in FY87 it is projected at \$150 - \$160 million. In FY88, the loan value is projected to be \$175 million and FY89 is projected at \$200 million.

#### Modification Request

An additional staff member and related operating expenses is recommended for this program. The 1.00 FTE would be a Program Consultation and Assessment Specialist who would assist in the review of schools and lenders in the GSL program. Approximately thirty schools and 180 lenders must be reviewed every two years to meet Department of Education requirements. This position will enable the program to achieve that standard and to provide about 25 workshops and training sessions for school and lender financial aid personnel.

FY88 = \$ 34,866

FY89 = \$ 35,719

The 1989 Executive Budget recommendation for the Montana University System was derived by using both the traditional incremental budgeting process and the formula budget method developed by the Legislative Finance Committee in 1982. The formula method was used in the two programs that are directly influenced by student enrollment, Instruction and Support. The Instruction Program funds faculty salaries and the services and operational costs of their direct support staff. The Support Program combines three subprograms used by the university units: Academic Support, Institutional Services and Student Services. The programs that were budgeted by use of the incremental method are: Operation and Maintenance of Physical Plant, Organized Research, Public Service, and Scholarships and Fellowships. The Bureau of Mines and Geology and three university system agencies were also budgeted according to the incremental method: the Agricultural Experiment Station, the Cooperative Extension Service and the Forestry and Conservation Experiment Station.

### Budget Issues

#### Incremental Budgets

Incremental program and agency budgets were derived by using Executive Budget inflation applied to adjusted FY86 costs. There was no general inflation factor applied. Special inflation rates were applied for utilities, some supplies and for some communications costs. Vacancy savings of 4% were applied to all incremental programs, with the exception of the Main Station program of the Agricultural Experiment Station in which faculty compensation was not included in the vacancy savings calculation.

The amount of the FY87 unfunded pay plan and 60% of the FY87 5% cut in appropriation authority was reduced from the personal services base (FY87) and from the operational base (FY86). The total unfunded pay plan amount and 60% of the 5% cut amount for the incremental programs of the university system units are:

Unfunded pay plan	\$ 651,674
60% of FY87 5% cut	38,942
<b>TOTAL</b>	<b>\$ 1,290,616</b>

#### Formula Budgets

The formula budget process for the Instruction and Support Programs takes into consideration student enrollment, type of coursework faculty demand, average faculty compensation from which to calculate a budgeted number of faculty, and a cost-per student for the academic, institutional and student support services provided by the units.

#### Enrollment Projections

Because the formula programs are enrollment-driven, projected enrollments for the 1989 biennium are critical to the budget process. The Executive Budget recommendation for the 1987 biennium froze enrollments at the last known enrollment level before the legislature convened - Fall 1984 (FY85). This enrollment decision was designed to provide some stability in the 1987 biennium when continued decline of enrollments could be expected. In fact, FY86 FYFTE enrollments were 2% lower than the Executive recommendation and Fall 1986 (FY87) enrollments are 5% lower, for a biennial "shortfall" of enrollments of 4%.

	1987 Biennium Executive Recom- mendation	Actual FY86	Fall 1986
FYFTE Total	26,447/yr	25,927	25,042

Enrollment projections for the 1989 biennium from the university system's statistical modelling program projected a decline in enrollment in FY86 and increases in both FY88 and FY89. However, the fact that the Board of Regents is presently considering alterations to the existing university system, including setting admission standards, is expected to have a downward impact on enrollments throughout the upcoming biennium. Again, in order to provide some stability of funding with the formula budget areas for the 1989 biennium, the Executive recommends using Fall 1986 (FY87) FYFTE student enrollment for both years of the biennium.

UNIT	FY86 Actual FYFTE	Fall 1986 FYFTE(FY87)	% Change	Executive Recom- mendation Each Year
MSU	10,097	9,573	-5%	9,573
UM	8,144	7,983	-2%	7,983
EMC	3,480	3,276	-6%	3,276
NMC	1,693	1,736	+3%	1,736
WMC	854	947	+11%	947
TECH	1,659	1,527	-8%	1,527
<b>Total</b>	<b>25,927</b>	<b>25,042</b>	<b>-3%</b>	<b>25,042</b>

#### Average Faculty Compensation

Average faculty compensation was determined by inflating the 1987 biennium budgeted average salary by the amount of the pay plan that was funded by the state in the 1987 biennium - a 1.5% increase. A faculty benefit rate was calculated for each campus. The average benefit rate, including insurance, is 20.5%.

#### Budgeted Number of Faculty

The student/faculty ratio is determined for each campus based on the previous three years' course enrollments and the required level of faculty involvement in those courses. The ratio is then divided into the projected student FYFTE enrollment to determine the number of faculty positions that will be supported by state appropriation. (It is important to note that the budgeted number may not correspond to the actual number of faculty and graduate teaching assistants that are funded by state appropriation. The university system is not included on the state's personnel position control system, so each unit's actual FTE level is a matter of its own discretion.) The following shows the number of budgeted faculty for each unit for the 1987 biennium and the Executive recommendation for the 1989 biennium:

UNIT	Budgeted FY86	Budgeted FY87	Recommended FY88	Recommended FY89
MSU	572.64	563.21	537.81	537.81
UM	443.88	429.43	422.60	422.60
EMC	183.03	181.88	170.54	170.54
NMC	116.66	116.66	113.91	113.91
WMC	57.15	57.02	61.69	61.69
TECH	114.19*	104.73	87.46	87.46
<b>Total</b>	<b>1,477.55</b>	<b>1,452.93</b>	<b>1,394.01</b>	<b>1,394.01</b>

\* Includes 9.12 FTE added by appropriation of special "phase down" funds in FY86.

Due to the enrollment decline, the number of budgeted faculty derived by the formula for the 1987 biennium is 4% less than the number of budgeted faculty supported by appropriation for FY87.

### Support Cost-Per-Student

The support staff for the Instruction program and all of the Support program are derived by multiplying a cost-per-student times the projected student enrollment. The Executive Budget used both the instructional support rate and the Support program rate used by the 1985 Legislative Session for FY87 without additional inflation. High headcount adjustments were applied for all units except Northern Montana College, whose headcount enrollment was not significantly higher than the budgeted FYFTE enrollment. Total high headcount adjustment is \$294,443.

#### Recommended Percent of Formula

The Executive Budget funds the Instruction program at 95% of the formula for both years of the biennium. No vacancy savings was applied to the Instruction program.

The Executive Budget funds the Support program at 94% of the formula for both years of the biennium. A four percent vacancy savings factor was applied to the Support program.

#### Modification Requests

No current level modifications were approved for the six units.

### FUNDING

#### Tuition and Fees

The tuition levels approved by the Board of Regents in December of 1984 generated the tuition revenues and the costs of scholarships for 1989 biennium enrollments.

#### Millage

Revenues from the six mill levy on the total Montana taxable valuation that is statutorily dedicated to supporting higher education is projected at a total of \$12,924,000 in FY88 and \$13,125,000 in FY89. The six mill levy will have to be approved by the electorate to continue beyond January 1989. The Executive recommendation assumes continuation of the six mill levy.

#### Indirect Cost Recovery

The Executive Budget reflects the policy decision to provide assistance for research and development activities in the six university units by allowing them to use 100% of the indirect cost recoveries generated for continued support of those activities. Therefore, the Executive Budget does not recommend appropriation of federal indirect cost recovery for general operations. All non-federal indirect cost recoveries, except recharge revenues for programs within units, are also exempt from appropriation for general operating expenses. This has a direct general fund impact of \$2.8 million in the 1989 biennium.

#### General Fund

General Fund support for the six major units of the university system remains at about one-quarter of the total general fund appropriated in the General Appropriations Act. The amount of general fund to support the units was held at the adjusted FY87 level - approximately \$67 million - and then was increased by \$1.4 million to offset the indirect cost recovery funding source. Overall unit expenditures decrease by approximately \$7 million to correspond to available funding.

The following table summarizes university system funding for the Executive Budget recommendation.

## FISCAL YEAR 1988

UNIT	GENERAL FUND	STATE SPECIAL	FEDERAL	TUITION/ FEES	OTHER	TOTAL
MSU	\$26,857,586	\$5,104,980	\$0	\$9,518,988	\$250,000	\$41,731,554
UM *	\$21,228,028	\$3,928,896	\$0	\$9,075,405	\$100,000	\$34,332,329
EMC	\$8,148,574	\$1,680,120	\$0	\$2,905,097	\$25,000	\$12,758,791
NMC	\$5,260,553	\$775,440	\$0	\$1,450,746	\$3,300	\$7,490,039
WMC	\$2,902,654	\$413,568	\$0	\$869,553	\$8,750	\$4,194,525
TECH	\$4,414,666	\$1,020,996	\$0	\$1,668,737	\$249,520	\$7,353,919
Total	\$68,812,061	\$12,924,000	\$0	\$25,488,526	\$636,570	\$107,861,157
AES	\$6,108,294	\$652,102	\$1,673,303	\$0	\$5,000	\$8,438,699
CES	\$1,891,603	\$0	\$1,829,268	\$0	\$0	\$3,720,871
FCES	\$655,886	\$0	\$0	\$0	\$0	\$655,886
BM&G	\$1,362,053	\$53,000	\$0	\$0	\$0	\$1,415,053
Total	\$10,017,836	\$705,102	\$3,502,571	\$0	\$5,000	\$14,230,509
TOTAL	\$78,829,897	\$13,629,102	\$3,502,571	\$25,488,526	\$641,570	\$122,091,666

## FISCAL YEAR 1989

UNIT	GENERAL FUND	STATE SPECIAL	FEDERAL	TUITION/ FEES	OTHER	TOTAL
MSU	\$26,895,675	\$5,184,375	\$0	\$9,518,988	\$250,000	\$41,849,038
UM *	\$21,226,860	\$3,990,000	\$0	\$9,075,405	\$100,000	\$34,392,265
EMC	\$8,076,805	\$1,706,250	\$0	\$2,905,097	\$25,000	\$12,713,152
NMC	\$5,230,632	\$787,500	\$0	\$1,450,746	\$3,300	\$7,472,178
WMC	\$2,863,568	\$420,000	\$0	\$869,553	\$8,750	\$4,161,871
TECH	\$4,392,938	\$1,036,875	\$0	\$1,668,737	\$234,594	\$7,333,144
Total	\$68,686,478	\$13,125,000	\$0	\$25,488,526	\$621,644	\$107,921,648
AES	\$6,130,088	\$652,719	\$1,673,303	\$0	\$5,000	\$8,461,110
CES	\$1,893,343	\$0	\$1,829,268	\$0	\$0	\$3,722,611
FCES	\$657,707	\$0	\$0	\$0	\$0	\$657,707
BM&G	\$1,362,391	\$53,000	\$0	\$0	\$0	\$1,415,391
Total	\$10,043,529	\$705,719	\$3,502,571	\$0	\$5,000	\$14,256,819
TOTAL	\$78,730,007	\$13,830,719	\$3,502,571	\$25,488,526	\$626,644	\$122,178,467

\* Includes \$175,000/yr in extra tuition/fee revenue from law and pharmacy fees.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	872.98	891.80	772.08	772.08
Personal Services	26,546,838.46	24,888,607	24,790,806	24,790,806
Operating Expenses	8,500,925.43	9,000,885	9,127,128	9,187,064
Equipment	881,879.39	1,687,514	414,395	414,395
Capital Outlay	896.00	35,289	0	0
Debt Service	26,020.08	0	0	0
<b>Total Agency Costs</b>	<b>\$35,956,559.36</b>	<b>\$35,612,295</b>	<b>\$34,332,329</b>	<b>\$34,392,265</b>
Current Unrestricted Fund	35,956,559.36	35,612,295	34,332,329	34,392,265
<b>Total Funding Costs</b>	<b>\$35,956,559.36</b>	<b>\$35,612,295</b>	<b>\$34,332,329</b>	<b>\$34,392,265</b>
Current Level Services	35,956,559.36	35,612,295	34,332,329	34,392,265
<b>Total Service Costs</b>	<b>\$35,956,559.36</b>	<b>\$35,612,295</b>	<b>\$34,332,329</b>	<b>\$34,392,265</b>

### Agency Description

The University of Montana was chartered by the Montana Legislature in 1893. It now offers more than 40 major programs of study, about 15 inter-disciplinary programs at the undergraduate level, master's degree programs in more than 40 fields, and the Ph.D degree in ten: botany, chemistry (including biochemistry), forestry, geology, history, mathematics, microbiology, psychology, sociology and zoology. It also offers the Doctor of Education degree and a graduate professional degree (Juris Doctor) in law.

The core of the university is its College of Arts and Sciences. Complementing the college's programs are the graduate school and seven professional schools: Business Administration, Education, Fine Arts, Forestry, Journalism, Pharmacy and Allied Health Sciences, and Law.

In addition to research facilities within the schools and departments, the university maintains a number of specialized laboratories, institutes and research facilities: the Yellow Bay Biological Station; Montana Forest and Conser-

vation Experiment Station; Animal Behavior Laboratory; Institute for Social Research; Lubrecht Forest facilities for research and teaching; Wood Chemistry Laboratory; Bureau of Government Research; Bureau of Business and Economic Research; Bureau of Educational Research and Services; Stella Duncan Memorial Institute for Biomedical Research; Water Resources Research Program; Geology Field and Research Station at Dillon; the Speech, Hearing and Language Clinic; Montana Criminal Law Information Research Center and Montana Defender Project; Earthquake Laboratory; the Computer Center; the Environmental Studies Laboratory of the Botany Department; and the Wilderness Institute.

The University of Montana has primary responsibility for graduate instruction in business, the arts, humanities, social science and behavioral science, and shares this responsibility in the physical and biological sciences and the allied health professions. The programs in law, forestry, pharmacy, journalism, physical therapy and communication disorders are unique in the University System.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	525.18	549.16	422.60	422.60
Personal Services	17,456,248.63	15,983,836	16,176,208	16,176,208
Operating Expenses	1,349,764.58	1,791,274	1,244,212	1,244,212
Equipment	71,685.15	380,781	79,418	79,418
Debt Service	17,143.20	0	0	0
<b>Total Program Costs</b>	<b>\$18,894,841.56</b>	<b>\$18,155,891</b>	<b>\$17,499,838</b>	<b>\$17,499,838</b>
Current Unrestricted Fund	18,894,841.56	18,155,891	17,499,838	17,499,838
<b>Total Funding Costs</b>	<b>\$18,894,841.56</b>	<b>\$18,155,891</b>	<b>\$17,499,838</b>	<b>\$17,499,838</b>
Current Level Services	18,894,841.56	18,155,891	17,499,838	17,499,838
<b>Total Service Costs</b>	<b>\$18,894,841.56</b>	<b>\$18,155,891</b>	<b>\$17,499,838</b>	<b>\$17,499,838</b>

### Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

### Budget Issues

Instruction is funded at 95% of the formula using Fall 1986 FYFTE enrollments of 7,983 for the entire 1989 biennium. The FTE listed in the 1989 biennium are only the budgeted faculty derived from the Instruction formula. Instructional support staff are not estimated because actual program FTE are a matter of discretion at each unit and may vary



depending on how staff reductions have been made. Vacancy savings were not applied.

An additional \$175,000 of current unrestricted expenditure authority has been included with the formula-generated

expenditure level for this program. This represents expenditures of revenues produced with special pharmacy and law fees. Appropriated tuition and fees revenues for the University are increased by the same amount.

#### ORGANIZED RESEARCH Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	11.15	12.16	12.16	12.16
Personal Services	437,511.42	297,482	398,926	398,926
Operating Expenses	166,954.01	187,533	166,893	168,571
Equipment	26,938.45	11,682	26,939	26,939
<b>Total Program Costs</b>	<b>\$631,403.88</b>	<b>\$496,697</b>	<b>\$592,758</b>	<b>\$594,436</b>
Current Unrestricted Fund	631,403.88	496,697	592,758	594,436
<b>Total Funding Costs</b>	<b>\$631,403.88</b>	<b>\$496,697</b>	<b>\$592,758</b>	<b>\$594,436</b>
Current Level Services	631,403.88	496,697	592,758	594,436
<b>Total Service Costs</b>	<b>\$631,403.88</b>	<b>\$496,697</b>	<b>\$592,758</b>	<b>\$594,436</b>

#### Program Description

This program includes all funds expended for activities specifically organized for research purposes and commissioned either by an agency outside of the institution or separately budgeted by an organizational unit within the institution.

#### Budget Issues

The total amount to be reduced from this program to meet the unfunded pay plan and other reductions is \$23,142. This cut was achieved by cutting hourly wages by \$23,347. (NOTE: Although aggregate FTE levels in this program may vary between years, personal services costs may not correspond with fluctuations. This occurs because the program compensates individuals doing sponsored research and those individuals and their compensation levels are not necessarily constant.)

A further FY86 base reduction was made by disallowing the inclusion of a \$5,000 payment of a recharge to Montana State University for support received from the MONTA program. This program was not included in current unrestricted budgets either in the Executive Budget or by legislative appropriation. It may be supported with indirect cost recovery revenues not included in the General Appropriations Act.

MONTCLIRC was included in the current level for this program by action of the 1985 Legislative Session. The understanding in the Education subcommittee was that the program would charge fees for its services such that fee revenue would support 10% of its operating costs in FY86 and 25% in FY87. The economic condition of the state has affected local governmental entities' ability to pay the fees at the level anticipated and required to meet that understanding. The program has cut back in an attempt to stay within its funding parameters. FY86 actual expenditures for MONTCLIRC total \$82,120. Fee revenue generated \$11,717, or roughly 14% of the total expenditures. However, only \$1,232 of those designated revenues were expended. The remaining \$10,485 was carried into FY87. The FY87 operational plan for MONTCLIRC shows total anticipated expenditures of \$72,925. Revenues include the entire carry-over amount and an additional \$5,680 of anticipated fee revenue in FY87. Total projected designated account revenue will support 22% of planned FY87 expenditures.

The Executive recommendation is that language be included in the General Appropriations Act that MONTCLIRC generate 25% of its total operating expenses from fee revenues throughout the 1989 biennium and that the fee revenue be accounted in a separate designated account.

#### PUBLIC SERVICE Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	5.54	4.51	4.51	4.51
Personal Services	169,774.35	149,530	154,601	154,601
Operating Expenses	40,487.38	45,555	34,079	34,091
Equipment	1,021.53	0	770	770
<b>Total Program Costs</b>	<b>\$211,283.26</b>	<b>\$195,085</b>	<b>\$189,450</b>	<b>\$189,462</b>
Current Unrestricted Fund	211,283.26	195,085	189,450	189,462
<b>Total Funding Costs</b>	<b>\$211,283.26</b>	<b>\$195,085</b>	<b>\$189,450</b>	<b>\$189,462</b>
Current Level Services	211,283.26	195,085	189,450	189,462
<b>Total Service Costs</b>	<b>\$211,283.26</b>	<b>\$195,085</b>	<b>\$189,450</b>	<b>\$189,462</b>

#### Program Description

The objective of the Public Service Program is to assist the community and state in community planning and develop-

ment, urban planning, professional certification, natural resources, business, education, agriculture, industry, health and recreation. This program includes all funds budgeted

specifically for extension and public service and expended for activities established primarily to provide noninstructional services to groups outside the institution. Such activities include seminars, projects, and support of various organizations established to provide services to the community.

#### Budget Issues

The amount to be reduced from the base for this program is \$8,732. This reduction was achieved by a .75 FTE reduction.

There was a program transfer of \$20,490 into this program in the base year. This amount was not included in the agency request for the 1989 biennium program level.

#### OPERATION & MAINT OF PLANT Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	62.58	65.06	65.06	65.06
Personal Services	1,577,168.99	1,205,995	1,340,483	1,340,483
Operating Expenses	3,656,016.54	3,572,672	3,800,662	3,938,108
Equipment	68,987.93	249,537	127,252	127,252
Capital Outlay	896.00	35,289	0	0
Debt Service	3,689.88	0	0	0
<b>Total Program Costs</b>	<b>\$5,306,759.34</b>	<b>\$5,063,493</b>	<b>\$5,268,397</b>	<b>\$5,405,843</b>
Current Unrestricted Fund	5,306,759.34	5,063,493	5,268,397	5,405,843
<b>Total Funding Costs</b>	<b>\$5,306,759.34</b>	<b>\$5,063,493</b>	<b>\$5,268,397</b>	<b>\$5,405,843</b>
Current Level Services	5,306,759.34	5,063,493	5,268,397	5,405,843
<b>Total Service Costs</b>	<b>\$5,306,759.34</b>	<b>\$5,063,493</b>	<b>\$5,268,397</b>	<b>\$5,405,843</b>

#### Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

#### Budget Issues

The amount of base reductions to achieve in this program totals \$148,654. The staffing level of this program was reduced from 69.54 FTE in FY86 to 65.06 in FY87 and personal services was cut by about \$92,500. (NOTE: table numbers do not reflect revised operational plans for FY87. Further, expenditures in personal services in FY86 include non-budgeted expenditures of \$81,297.) No further personal services reductions were made.

The program's operating base was reduced by approximately \$115,000 before positive adjustments totalling \$179,000 were made for utilities, insurance and bonds, elevator maintenance contracts, data processing, and inflation. The agency's total equipment request is recommended.

The modification request for new space appropriation authority in current unrestricted funds was not included in the Executive Budget. Since 1979, current unrestricted funds have been appropriated for ongoing maintenance of buildings constructed or remodeled for academic use with other funding sources. The Executive Budget recommends that no current unrestricted funding be budgeted for maintenance of facilities built or renovated with other funding sources. The intent is that the units accept funding responsibility for the on-going maintenance of buildings constructed or renovated with funds other than those approved through the Long Range Building program.

#### SCHOLARSHIPS & FELLOWSHIPS PGM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	897,737.66	996,102	981,835	981,835
<b>Total Program Costs</b>	<b>\$897,737.66</b>	<b>\$996,102</b>	<b>\$981,835</b>	<b>\$981,835</b>
Current Unrestricted Fund	897,737.66	996,102	981,835	981,835
<b>Total Funding Costs</b>	<b>\$897,737.66</b>	<b>\$996,102</b>	<b>\$981,835</b>	<b>\$981,835</b>
Current Level Services	897,737.66	996,102	981,835	981,835
<b>Total Service Costs</b>	<b>\$897,737.66</b>	<b>\$996,102</b>	<b>\$981,835</b>	<b>\$981,835</b>

#### Program Description

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-

aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in aid and trainee stipends to graduate students, but not funds for which services to the institution must be rendered (e.g., payments for teaching).

SUPPORT Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	268.53	260.91	267.75	267.75
Personal Services	6,906,135.07	7,251,764	6,720,588	6,720,588
Operating Expenses	2,389,965.26	2,407,749	2,899,447	2,820,247
Equipment	713,246.33	1,045,514	180,016	180,016
Debt Service	5,187.00	0	0	0
<b>Total Program Costs</b>	<b>\$10,014,533.66</b>	<b>\$10,705,027</b>	<b>\$9,800,051</b>	<b>\$9,720,851</b>
Current Unrestricted Fund	10,014,533.66	10,705,027	9,800,051	9,720,851
<b>Total Funding Costs</b>	<b>\$10,014,533.66</b>	<b>\$10,705,027</b>	<b>\$9,800,051</b>	<b>\$9,720,851</b>
Current Level Services	10,014,533.66	10,705,027	9,800,051	9,720,851
<b>Total Service Costs</b>	<b>\$10,014,533.66</b>	<b>\$10,705,027</b>	<b>\$9,800,051</b>	<b>\$9,720,851</b>

### Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

### Budget Issues

This program expenditure level reflects 94% of the Support formula using Fall 1986 FYFTE enrollment of 7,983 for both years of the biennium. FTE data for FY88 and FY89 are derived by dividing the formula-generated personal services amount by the average compensation for this composite program as shown in the agency's revised operational plans for FY87 following the 5% cut.

Average compensation used was \$27,425.

Biennial audit costs of \$79,200 are included in FY88.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	1,160.99	1,073.71	956.81	956.81
Personal Services	34,647,695.55	33,539,078	31,128,164	31,128,164
Operating Expenses	9,112,750.89	9,239,659	10,122,762	10,240,246
Equipment	1,245,948.50	1,670,601	471,309	471,309
Capital Outlay	50,775.43	185,920	0	0
Transfers	13,354.00	0	0	0
Debt Service	57,247.06	0	9,319	9,319
<b>Total Agency Costs</b>	<b>\$45,127,771.43</b>	<b>\$44,635,258</b>	<b>\$41,731,554</b>	<b>\$41,849,038</b>
Current Unrestricted Fund	45,127,771.43	44,635,258	41,731,554	41,849,038
<b>Total Funding Costs</b>	<b>\$45,127,771.43</b>	<b>\$44,635,258</b>	<b>\$41,731,554</b>	<b>\$41,849,038</b>
Current Level Services	45,127,771.43	44,635,258	41,731,554	41,849,038
<b>Total Service Costs</b>	<b>\$45,127,771.43</b>	<b>\$44,635,258</b>	<b>\$41,731,554</b>	<b>\$41,849,038</b>

### Agency Description

Montana State University was founded in 1893 as the Agricultural College of the State of Montana.

Instruction leading to the bachelor's degree is offered in 45 fields, with graduate instruction in 34 fields at the master's level and in 19 fields at the doctoral level. The academic program emphasizes the professions of agriculture, architecture, business, engineering, education and nursing, along with strong support from the arts, humanities, biological, physical and social sciences. Degree programs in biological, physical and social sciences are offered and in addition contribute significantly to the professional curricula. The university has a major role in the integration and development of health professional education and research. The professional programs in agriculture, nursing, architecture and medicine are unique in the University System.

The research programs and specialized facilities of the university include the Agricultural Experiment Stations at eight

locations in the state: the Engineering Experiment Station; Computing Center; Museum of the Rockies; Institute of Applied Research; Foothills Nature Area; Statistical Center; Montana University Joint Water Resources Research Center; and the Bureau of Educational Research and Field Services. Major research areas include agriculture, engineering, and the biomedical and physical sciences with large programs in land reclamation and magnetohydrodynamics (MHD).

The Cooperative Extension Service is attached to the university. Financial support for its operation comes from county, state and federal governments. County agents and specialists channel information to Montanans to aid in solving home, farm and community problems. The Continuing Education Program extends the educational facilities of the university to the citizens of the state by providing off-campus instruction in the form of courses, institutes and conferences for individuals not regularly enrolled at Montana State University.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	718.69	659.00	537.81	537.81
Personal Services	22,989,740.00	21,902,151	21,109,766	21,109,766
Operating Expenses	2,040,304.84	2,199,435	1,828,112	1,828,112
Equipment	144,478.11	405,157	137,600	137,600
Capital Outlay	6,418.06	0	0	0
Debt Service	10,435.70	0	0	0
<b>Total Program Costs</b>	<b>\$25,191,376.71</b>	<b>\$24,506,743</b>	<b>\$23,075,478</b>	<b>\$23,075,478</b>
Current Unrestricted Fund	25,191,376.71	24,506,743	23,075,478	23,075,478
<b>Total Funding Costs</b>	<b>\$25,191,376.71</b>	<b>\$24,506,743</b>	<b>\$23,075,478</b>	<b>\$23,075,478</b>
Current Level Services	25,191,376.71	24,506,743	23,075,478	23,075,478
<b>Total Service Costs</b>	<b>\$25,191,376.71</b>	<b>\$24,506,743</b>	<b>\$23,075,478</b>	<b>\$23,075,478</b>

### Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also

includes expenditures for academic administration where the primary assignment is administration (academic deans).

### Budget Issues

Instruction is funded at 95% of the formula using Fall 1986 FYFTE enrollments of 9,573 for the entire 1989 biennium. The FTE listed in the 1989 biennium are only the budgeted

faculty derived from the Instruction formula. Instructional support staff are not estimated because actual program FTE are a matter of discretion at each unit and may vary

depending on how staff reductions have been made. Vacancy savings were not applied.

#### ORGANIZED RESEARCH Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	21.07	14.15	14.15	14.15
Personal Services	547,608.50	547,408	444,549	444,549
Operating Expenses	27,379.71	14,315	54,751	54,751
Equipment	3,221.69	0	31,316	31,316
<b>Total Program Costs</b>	<b>\$578,209.90</b>	<b>\$561,723</b>	<b>\$530,616</b>	<b>\$530,616</b>
Current Unrestricted Fund	578,209.90	561,723	530,616	530,616
<b>Total Funding Costs</b>	<b>\$578,209.90</b>	<b>\$561,723</b>	<b>\$530,616</b>	<b>\$530,616</b>
Current Level Services	578,209.90	561,723	530,616	530,616
<b>Total Service Costs</b>	<b>\$578,209.90</b>	<b>\$561,723</b>	<b>\$530,616</b>	<b>\$530,616</b>

#### Program Description

This program includes all funds expended for activities specifically organized for research purposes and commissioned either by an agency outside of the institution or separately budgeted by an organizational unit within the institution.

#### Budget Issues

The amount to be cut from the base of this program is \$29,752. The program budget reflects the agency's decision to restructure the research effort in the 1989 biennium by

reducing the personal services costs and increasing the operational budget to provide essential equipment and operating support. With the personal services cut of \$84,500 and the increases in operations and equipment, the program is still reduced from the FY86 level by approximately \$48,000. The FTE remains at the FY87 reduced level because of the differing composition of the personal services costs that will be charged to current unrestricted funding. The current unrestricted appropriation funds only about 8% of the total costs of this program.

#### PUBLIC SERVICE Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.29	.12	.12	.12
Personal Services	5,603.04	7,477	6,048	6,048
Operating Expenses	4,083.43	2,464	4,000	4,000
Equipment	370.00	0	0	0
<b>Total Program Costs</b>	<b>\$10,056.47</b>	<b>\$9,941</b>	<b>\$10,048</b>	<b>\$10,048</b>
Current Unrestricted Fund	10,056.47	9,941	10,048	10,048
<b>Total Funding Costs</b>	<b>\$10,056.47</b>	<b>\$9,941</b>	<b>\$10,048</b>	<b>\$10,048</b>
Current Level Services	10,056.47	9,941	10,048	10,048
<b>Total Service Costs</b>	<b>\$10,056.47</b>	<b>\$9,941</b>	<b>\$10,048</b>	<b>\$10,048</b>

#### Program Description

The objective of the Public Service Program is to assist the community and state in community planning and development, urban planning, professional certification, natural resources, business, education, agriculture, industry, health and recreation. This program includes all funds budgeted specifically for extension and public service and expended for activities established primarily to provide noninstructional services to groups outside the institution. Such activities include seminars, projects, and support of

various organizations established to provide services to the community.

#### Budget Issues

This program pays a portion of the salary and expenses of the Director of the Cooperative Extension Service. Included in the personal services expenditures in FY87 are the termination payout of sick and annual leave for the retirement of Dr. Carl Hoffman.

The amount cut from the base before positive adjustments were added is \$386.

OPERATION & MAINT OF PLANT  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	81.68	75.62	75.62	75.62
Personal Services	1,555,577.74	1,685,585	1,539,178	1,539,178
Operating Expenses	3,210,641.71	3,114,788	3,797,628	3,996,712
Equipment	57,665.95	142,640	51,499	51,499
Capital Outlay	19,649.31	185,920	0	0
Debt Service	9,319.94	0	9,319	9,319
<b>Total Program Costs</b>	<b>\$4,852,854.65</b>	<b>\$5,128,933</b>	<b>\$5,397,624</b>	<b>\$5,596,708</b>
Current Unrestricted Fund	4,852,854.65	5,128,933	5,397,624	5,596,708
<b>Total Funding Costs</b>	<b>\$4,852,854.65</b>	<b>\$5,128,933</b>	<b>\$5,397,624</b>	<b>\$5,596,708</b>
Current Level Services	4,852,854.65	5,128,933	5,397,624	5,596,708
<b>Total Service Costs</b>	<b>\$4,852,854.65</b>	<b>\$5,128,933</b>	<b>\$5,397,624</b>	<b>\$5,596,708</b>

**Program Description**

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

**Budget Issues**

The amount of the base reduction to be achieved in personal services and operations totals \$153,225. Personal services was reduced by \$42,565 and operations was cut by the remainder. Energy costs savings realized by more efficient use of natural gas on the MSU campus were included in the operational cut.

The reduced base was substantially increased. This results from: increases in fixed costs, such as insurance and bonds, water and sewer rates; allowing 75% of a program transfer from this program into another program in FY86 to be returned to the utilities base (\$140,000); and, new space adjustments for the operation of the Controlled Environment Facility in FY87. The amount of the current level new space adjustment that was included in the appropriation for FY87

is \$238,414. Base adjustments were included in the Executive recommendation totalling 95% of that amount, or \$226,493. This includes an additional \$9,000 of personal services costs, \$163,000 of utilities, \$20,000 of supplies, \$29,000 of maintenance, and \$4,500 of contracted services.

Two new space current unrestricted fund modification requests for the 1989 biennium are not included in the Executive recommendation - one for the Museum of the Rockies and the other for the Health and Physical Education building expansion. Since 1979, current unrestricted funds have been appropriated for ongoing maintenance of buildings constructed or remodeled for academic use with other funding sources. The Executive Budget recommends that no current unrestricted funding be budgeted for maintenance of facilities built or renovated with other funding sources. The intent is that the units accept funding responsibility for the on-going maintenance of buildings constructed or renovated with funds other than those approved through the Long Range Building program.

It is recommended that language be added to the General Appropriations Act that a maximum of 50% of the fiscal year energy savings resulting from conservation measures employed by Montana State University directly offset general fund support of this program.

SCHOLARSHIPS & FELLOWSHIPS PGM  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	896,879.00	954,922	1,023,359	1,023,359
<b>Total Program Costs</b>	<b>\$896,879.00</b>	<b>\$954,922</b>	<b>\$1,023,359</b>	<b>\$1,023,359</b>
Current Unrestricted Fund	896,879.00	954,922	1,023,359	1,023,359
<b>Total Funding Costs</b>	<b>\$896,879.00</b>	<b>\$954,922</b>	<b>\$1,023,359</b>	<b>\$1,023,359</b>
Current Level Services	896,879.00	954,922	1,023,359	1,023,359
<b>Total Service Costs</b>	<b>\$896,879.00</b>	<b>\$954,922</b>	<b>\$1,023,359</b>	<b>\$1,023,359</b>

**Program Description**

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in aid and trainee stipends to graduate students, but not funds for which services to the institution must be rendered (e.g., payments for teaching).

**Budget Issues**

The reason the FY86 expenditure is so much lower for the higher enrollment in that year (10,382 budgeted FYFTE) is because MSU's fee waivers were erroneously recalculated when the Board of Regents raised tuitions prior to the 1985 Legislative Session. Actual FY86 should have been approximately \$120 thousand higher.

SUPPORT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	339.26	324.82	329.11	329.11
Personal Services	9,549,166.27	9,396,457	8,028,623	8,028,623
Operating Expenses	2,933,462.20	2,953,735	3,414,912	3,333,312
Equipment	1,040,212.75	1,122,804	250,894	250,894
Capital Outlay	24,708.06	0	0	0
Debt Service	37,491.42	0	0	0
<b>Total Program Costs</b>	<b>\$13,585,040.70</b>	<b>\$13,472,996</b>	<b>\$11,694,429</b>	<b>\$11,612,829</b>
Current Unrestricted Fund	13,585,040.70	13,472,996	11,694,429	11,612,829
<b>Total Funding Costs</b>	<b>\$13,585,040.70</b>	<b>\$13,472,996</b>	<b>\$11,694,429</b>	<b>\$11,612,829</b>
Current Level Services	13,585,040.70	13,472,996	11,694,429	11,612,829
<b>Total Service Costs</b>	<b>\$13,585,040.70</b>	<b>\$13,472,996</b>	<b>\$11,694,429</b>	<b>\$11,612,829</b>

### Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio visual services, academic administration and personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

### Budget Issues

The program expenditure level represents 94% of the Support formula using Fall 1986 FYFTE enrollment of 9,573 for both years of the biennium. FTE data for FY88 and FY89 are derived by dividing the formula-generated personal services amount by the average compensation for this composite program as shown in the agency's revised operational plans for FY87 following the 5% cut.

Biennial audit costs of \$81,600 are included in FY88.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	265.53	236.43	218.88	218.88
Personal Services	7,361,456.49	7,487,520	6,216,732	6,216,732
Operating Expenses	2,679,516.80	2,271,637	2,371,040	2,350,655
Equipment	237,013.90	478,855	181,148	181,148
Capital Outlay	8,500.00	0	0	0
<b>Total Agency Costs</b>	<b>\$10,286,487.19</b>	<b>\$10,238,012</b>	<b>\$8,768,920</b>	<b>\$8,748,535</b>
Current Unrestricted Fund	10,286,487.19	10,238,012	8,768,920	8,748,535
<b>Total Funding Costs</b>	<b>\$10,286,487.19</b>	<b>\$10,238,012</b>	<b>\$8,768,920</b>	<b>\$8,748,535</b>
Current Level Services	10,286,487.19	10,238,012	8,768,920	8,748,535
<b>Total Service Costs</b>	<b>\$10,286,487.19</b>	<b>\$10,238,012</b>	<b>\$8,768,920</b>	<b>\$8,748,535</b>

### Agency Description

Montana College of Mineral Science and Technology was established in 1893 as the Montana School of Mines. From the beginning, special emphasis has been placed upon the four main branches of mineral technology — exploration, production, processing and refining. The faculty of the college and the Montana Bureau of Mines and Geology, a department of the college, also contribute to basic research and innovative approaches to problem solving in the mineral industry.

Bachelor's and Master's programs are offered in engineering science and geological, geophysical, metallurgical, mineral processing, mining and petroleum engineering. A bachelor's program is offered in environmental engineering, and a master's degree is offered in geochemistry (in collaboration with

the universities), geology metallurgy and mineral processing. Bachelor's degree programs are also offered in chemistry, mathematics, occupational safety and health, and society and technology.

The college provides services to state government and the citizens of the state by developing, gathering, analyzing, cataloging and disseminating information concerning the location and development of the mineral and energy resources and related resources of the state. This mission is the major responsibility of the Montana Bureau of Mines and Geology. In addition to research activities of individual faculty members, the college is a major participant in the state's magnetohydrodynamics (MHD) research and has been designated one of 20 national Mining and Mineral Resource Research Institutes.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	124.10	112.80	87.46	87.46
Personal Services	3,721,665.56	3,794,623	3,025,302	3,025,302
Operating Expenses	500,833.60	353,896	333,309	333,309
Equipment	78,782.31	64,543	54,260	54,260
<b>Total Program Costs</b>	<b>\$4,301,281.47</b>	<b>\$4,213,062</b>	<b>\$3,412,871</b>	<b>\$3,412,871</b>
Current Unrestricted Fund	4,301,281.47	4,213,062	3,412,871	3,412,871
<b>Total Funding Costs</b>	<b>\$4,301,281.47</b>	<b>\$4,213,062</b>	<b>\$3,412,871</b>	<b>\$3,412,871</b>
Current Level Services	4,301,281.47	4,213,062	3,412,871	3,412,871
<b>Total Service Costs</b>	<b>\$4,301,281.47</b>	<b>\$4,213,062</b>	<b>\$3,412,871</b>	<b>\$3,412,871</b>

### Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

### Budget Issues

Instruction is funded at 95% of the formula using Fall 1986 FYFTE enrollments of 1,527 for each year of the 1989 biennium. The FTE listed in FY88 and FY89 are only the budgeted faculty derived from the Instruction formula. Instructional support staff are not estimated because actual program FTE are a matter of discretion at each unit and may vary according to how staff reductions were made. Vacancy savings were not applied.



ORGANIZED RESEARCH  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.82	1.30	1.26	1.26
Personal Services	44,758.65	23,060	30,703	30,703
Operating Expenses	5,019.76	16,801	5,223	5,352
Equipment	106.28	1,103	1,500	1,500
<b>Total Program Costs</b>	<b>\$49,884.69</b>	<b>\$40,964</b>	<b>\$37,426</b>	<b>\$37,555</b>
Current Unrestricted Fund	49,884.69	40,964	37,426	37,555
<b>Total Funding Costs</b>	<b>\$49,884.69</b>	<b>\$40,964</b>	<b>\$37,426</b>	<b>\$37,555</b>
Current Level Services	49,884.69	40,964	37,426	37,555
<b>Total Service Costs</b>	<b>\$49,884.69</b>	<b>\$40,964</b>	<b>\$37,426</b>	<b>\$37,555</b>

**Program Description**

This program includes all funds expended for activities specifically organized for research purposes and commissioned either by an agency outside of the institution or separately budgeted by an organizational unit within the institution.

**Budget Issues**

The amount of the unfunded pay plan to be cut was zero because the agency did not allocate any pay plan to this pro-

gram in FY87. The 60% of the 5% FY87 cut amounts to \$826. This was cut from travel and registration fees. The program budget request changed the personal services costs for this program by planning to staff at lower compensation. This results in a personal services cut of \$12,778. \$15,000 of laboratory equipment acquisition is recommended for each year.

OPERATION & MAINT OF PLANT  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	37.27	35.00	34.43	34.43
Personal Services	749,111.92	753,620	766,144	766,144
Operating Expenses	553,764.13	557,903	576,738	609,834
Equipment	8,175.73	15,762	10,000	10,000
Capital Outlay	8,500.00	0	0	0
<b>Total Program Costs</b>	<b>\$1,319,551.78</b>	<b>\$1,327,285</b>	<b>\$1,352,882</b>	<b>\$1,385,978</b>
Current Unrestricted Fund	1,319,551.78	1,327,285	1,352,882	1,385,978
<b>Total Funding Costs</b>	<b>\$1,319,551.78</b>	<b>\$1,327,285</b>	<b>\$1,352,882</b>	<b>\$1,385,978</b>
Current Level Services	1,319,551.78	1,327,285	1,352,882	1,385,978
<b>Total Service Costs</b>	<b>\$1,319,551.78</b>	<b>\$1,327,285</b>	<b>\$1,352,882</b>	<b>\$1,385,978</b>

**Program Description**

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

**Budget Issues**

The amount of the unfunded pay plan to be cut from the personal services base is \$27,517. \$10,000 of this cut was achieved by reducing part-time staff by .57 FTE. The full amount was not taken because the staffing level for this program is too low. The severe and rapid decline in revenues for TECH has resulted in personal services cuts in areas with less stringent contractual obligations than those that are associated with faculty employees. Three FTE were to be added in FY87 to cover the maintenance of the new Engi-

neering Laboratory/Classroom building. These FTE have not been hired due to the cutbacks.

The operating base was reduced by \$44,000 before positive adjustments were made for utilities and insurance and bonds. Equipment acquisition of \$10,000 per year is recommended.

A modification request for current unrestricted fund support for new space added to the Health and Physical Education complex and for office space created by remodeling the old gym building were not included in the Executive Budget. Since 1979, current unrestricted funds have been appropriated for ongoing maintenance of buildings constructed, remodeled or reconstructed for academic use with other funding sources. The Executive Budget recommends that no current unrestricted funding be budgeted for maintenance of facilities built or renovated with other funding sources. The intent is that units accept funding responsibility for the ongoing maintenance of buildings constructed or renovated with funds other than those approved through the Long Range Building program.

**SCHOLARSHIPS & FELLOWSHIPS PGM**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	294,067.50	273,073	289,193	289,193
<b>Total Program Costs</b>	<b>\$294,067.50</b>	<b>\$273,073</b>	<b>\$289,193</b>	<b>\$289,193</b>
Current Unrestricted Fund	294,067.50	273,073	289,193	289,193
<b>Total Funding Costs</b>	<b>\$294,067.50</b>	<b>\$273,073</b>	<b>\$289,193</b>	<b>\$289,193</b>
Current Level Services	294,067.50	273,073	289,193	289,193
<b>Total Service Costs</b>	<b>\$294,067.50</b>	<b>\$273,073</b>	<b>\$289,193</b>	<b>\$289,193</b>

**Program Description**

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-

aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in aid and trainee stipends to graduate students, but not funds for which services to the institution must be rendered (e.g., payments for teaching).

**INDEPENDENT OPERATIONS**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	31.91	26.43	26.43	26.43
Personal Services	957,620.02	916,923	868,378	868,378
Operating Expenses	549,684.86	542,326	526,623	527,013
Equipment	18,868.16	20,830	20,000	20,000
<b>Total Program Costs</b>	<b>\$1,526,173.04</b>	<b>\$1,480,079</b>	<b>\$1,415,001</b>	<b>\$1,415,391</b>
Current Unrestricted Fund	1,526,173.04	1,480,079	1,415,001	1,415,391
<b>Total Funding Costs</b>	<b>\$1,526,173.04</b>	<b>\$1,480,079</b>	<b>\$1,415,001</b>	<b>\$1,415,391</b>
Current Level Services	1,526,173.04	1,480,079	1,415,001	1,415,391
<b>Total Service Costs</b>	<b>\$1,526,173.04</b>	<b>\$1,480,079</b>	<b>\$1,415,001</b>	<b>\$1,415,391</b>

**Program Description**

This program consists of the Bureau of Mines and Geology, which conducts the only Montana agency work in the geological, mineral, mineral-fact, geothermal, and groundwater resource fields. The research involves data collection and interpretation, and dissemination of research results to the public, and to state and federal agencies.

**Budget Issues**

The amount of the unfunded pay plan to be cut from the personal services base is \$32,649. The agency reduced program FTE from 31.91 in FY86 to 26.43 in FY87. This represents a compensation cut of \$53,060. The 60% of the FY87 5% cut amount is \$44,581. The operational base was cut by \$24,170 to achieve the total program reduction required. Approximately \$4,600 of contracted services authority was added as a positive adjustment. Equipment acquisitions totalling \$20,000 per year is recommended.

**SUPPORT**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	71.43	60.90	69.30	69.30
Personal Services	1,888,300.34	1,999,294	1,526,205	1,526,205
Operating Expenses	776,146.95	527,638	639,954	585,954
Equipment	131,081.42	376,617	95,388	95,388
<b>Total Program Costs</b>	<b>\$2,795,528.71</b>	<b>\$2,903,549</b>	<b>\$2,261,547</b>	<b>\$2,207,547</b>
Current Unrestricted Fund	2,795,528.71	2,903,549	2,261,547	2,207,547
<b>Total Funding Costs</b>	<b>\$2,795,528.71</b>	<b>\$2,903,549</b>	<b>\$2,261,547</b>	<b>\$2,207,547</b>
Current Level Services	2,795,528.71	2,903,549	2,261,547	2,207,547
<b>Total Service Costs</b>	<b>\$2,795,528.71</b>	<b>\$2,903,549</b>	<b>\$2,261,547</b>	<b>\$2,207,547</b>

**Program Description**

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and

galleries, audio/visual services, academic administration and personnel development, and course and curriculum development.

**Student services** - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

**Administrative services** - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

### **Budget Issues**

This program expenditure level reflects 94% of the Support formula using Fall 1986 FYFTE enrollment of 1,527 for both years of the biennium. FTE data for FY88 and FY89 are derived by dividing the formula-generated personal services amount by the average compensation for this composite program as shown on the agency's revised operational plans for FY87 following the 5% cut.

Biennial appropriation of audit costs of \$54,000 are included in FY88.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	374.53	358.46	323.21	323.21
Personal Services	9,735,025.10	10,017,823	8,930,610	8,930,610
Operating Expenses	3,770,599.61	3,472,423	3,626,149	3,592,510
Equipment	274,202.27	245,000	190,032	190,032
<b>Total Agency Costs</b>	<b>\$13,779,826.98</b>	<b>\$13,735,246</b>	<b>\$12,746,791</b>	<b>\$12,713,152</b>
Current Unrestricted Fund	13,779,826.98	13,735,246	12,746,791	12,713,152
<b>Total Funding Costs</b>	<b>\$13,779,826.98</b>	<b>\$13,735,246</b>	<b>\$12,746,791</b>	<b>\$12,713,152</b>
Current Level Services	13,779,826.98	13,735,246	12,746,791	12,713,152
<b>Total Service Costs</b>	<b>\$13,779,826.98</b>	<b>\$13,735,246</b>	<b>\$12,746,791</b>	<b>\$12,713,152</b>

**Agency Description**

Eastern Montana College was established in 1927 with an initial authorization to prepare teachers for the elementary schools. The establishment of the college was in response to needs expressed by citizens in the eastern part of the state, because all the existing institutions of higher education were in the western half. Eastern Montana College is a comprehensive state college with programs in the liberal arts,

teacher training, business and human services. Graduate programs through the master's level are offered in teacher training, special education and related areas. The programs in special education and rehabilitation are unique in the University System. The Continuing Education Program gives the student an opportunity to learn the newest developments in his field of study and to explore newly emerging areas of interest and concern.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	218.22	204.73	170.54	170.54
Personal Services	5,916,160.36	6,023,073	5,412,627	5,412,627
Operating Expenses	693,861.62	550,000	672,858	672,858
Equipment	66,300.51	30,000	66,546	66,546
<b>Total Program Costs</b>	<b>\$6,676,322.49</b>	<b>\$6,603,073</b>	<b>\$6,152,031</b>	<b>\$6,152,031</b>
Current Unrestricted Fund	6,676,322.49	6,603,073	6,152,031	6,152,031
<b>Total Funding Costs</b>	<b>\$6,676,322.49</b>	<b>\$6,603,073</b>	<b>\$6,152,031</b>	<b>\$6,152,031</b>
Current Level Services	6,676,322.49	6,603,073	6,152,031	6,152,031
<b>Total Service Costs</b>	<b>\$6,676,322.49</b>	<b>\$6,603,073</b>	<b>\$6,152,031</b>	<b>\$6,152,031</b>

**Program Description**

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

**Budget Issues**

Instruction is funded at 95% of the formula using Fall 1986 FYFTE enrollments of 3,276 for the entire 1989 biennium. The FTE listed in the 1989 biennium are only the budgeted faculty derived from the Instruction formula. Instructional support staff are not estimated because actual program FTE are a matter of discretion at each unit and may vary depending on how staff reductions have been made. Vacancy savings were not applied.

PUBLIC SERVICE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	6.14	6.56	6.14	6.14
Personal Services	183,018.68	186,652	167,277	167,277
Operating Expenses	39,165.17	31,100	34,859	34,953
Equipment	2,619.00	0	2,619	2,619
<b>Total Program Costs</b>	<b>\$224,802.85</b>	<b>\$217,752</b>	<b>\$204,755</b>	<b>\$204,849</b>
Current Unrestricted Fund	224,802.85	217,752	204,755	204,849
<b>Total Funding Costs</b>	<b>\$224,802.85</b>	<b>\$217,752</b>	<b>\$204,755</b>	<b>\$204,849</b>
Current Level Services	224,802.85	217,752	204,755	204,849
<b>Total Service Costs</b>	<b>\$224,802.85</b>	<b>\$217,752</b>	<b>\$204,755</b>	<b>\$204,849</b>

**Program Description**

The objective of the Public Service Program is to assist the community and state in community planning and development, urban planning, professional certification, natural resources, business, education, agriculture, industry, health and recreation. This program includes all funds budgeted specifically for extension and public service and expended for activities established primarily to provide noninstructional services to groups outside the institution. Such activities include seminars, projects, and support of

various organizations established to provide services to the community. The 1983 Legislature included funding for the Montana Center for Handicapped Children.

**Budget Issues**

The amount to be reduced from the base of this program is \$10,769. This reduction was accomplished by reducing the FY87 staffing supported by current unrestricted funds by .42 FTE and reducing the operational base by \$4,601. FY86 base equipment expenditures are recommended through the 1989 biennium.

OPERATION & MAINT OF PLANT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	34.33	32.19	30.73	30.73
Personal Services	589,389.78	571,189	591,337	591,337
Operating Expenses	1,352,537.19	1,358,952	1,421,788	1,440,855
Equipment	8,076.50	15,000	10,000	10,000
<b>Total Program Costs</b>	<b>\$1,950,003.47</b>	<b>\$1,945,141</b>	<b>\$2,023,125</b>	<b>\$2,042,192</b>
Current Unrestricted Fund	1,950,003.47	1,945,141	2,023,125	2,042,192
<b>Total Funding Costs</b>	<b>\$1,950,003.47</b>	<b>\$1,945,141</b>	<b>\$2,023,125</b>	<b>\$2,042,192</b>
Current Level Services	1,950,003.47	1,945,141	2,023,125	2,042,192
<b>Total Service Costs</b>	<b>\$1,950,003.47</b>	<b>\$1,945,141</b>	<b>\$2,023,125</b>	<b>\$2,042,192</b>

**Program Description**

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

**Budget Issues**

The unfunded pay plan amount to be reduced from the personal services base is \$21,220, which was achieved by a 1.46 FTE reduction. The operational base was cut by the 60% of the 5% FY87 cut for a total of \$39,001.

Positive base adjustments were made totalling approximately \$69,000 for janitorial supplies, rent charges, and utilities.

Equipment acquisitions totalling \$10,000 per year are recommended.

**SCHOLARSHIPS & FELLOWSHIPS PGM**  
 Budget Detail Summary

 Actual  
 FY 1986

 Budgeted  
 FY 1987

 Recommendation  
 FY 1988      FY 1989

Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	312,905.40	342,954	322,850	322,850
<b>Total Program Costs</b>	<b>\$312,905.40</b>	<b>\$342,954</b>	<b>\$322,850</b>	<b>\$322,850</b>
Current Unrestricted Fund	312,905.40	342,954	322,850	322,850
<b>Total Funding Costs</b>	<b>\$312,905.40</b>	<b>\$342,954</b>	<b>\$322,850</b>	<b>\$322,850</b>
Current Level Services	312,905.40	342,954	322,850	322,850
<b>Total Service Costs</b>	<b>\$312,905.40</b>	<b>\$342,954</b>	<b>\$322,850</b>	<b>\$322,850</b>

**Program Description**

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-

aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in aid and trainee stipends to graduate students, but not funds for which services to the institution must be rendered (e.g., payments for teaching).

**SUPPORT**  
 Budget Detail Summary

 Actual  
 FY 1986

 Budgeted  
 FY 1987

 Recommendation  
 FY 1988      FY 1989

Full Time Equivalent Employees	115.84	114.98	115.80	115.80
Personal Services	3,046,456.28	3,236,909	2,759,369	2,759,369
Operating Expenses	1,372,130.23	1,189,417	1,173,794	1,120,994
Equipment	197,206.26	200,000	110,867	110,867
<b>Total Program Costs</b>	<b>\$4,615,792.77</b>	<b>\$4,626,326</b>	<b>\$4,044,030</b>	<b>\$3,991,230</b>
Current Unrestricted Fund	4,615,792.77	4,626,326	4,044,030	3,991,230
<b>Total Funding Costs</b>	<b>\$4,615,792.77</b>	<b>\$4,626,326</b>	<b>\$4,044,030</b>	<b>\$3,991,230</b>
Current Level Services	4,615,792.77	4,626,326	4,044,030	3,991,230
<b>Total Service Costs</b>	<b>\$4,615,792.77</b>	<b>\$4,626,326</b>	<b>\$4,044,030</b>	<b>\$3,991,230</b>

**Program Description**

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

**Budget Issues**

This program expenditure level reflects 94% of the Support formula using Fall 1986 FYFTE enrollment of 3,276 for both years of the biennium. FTE data for FY88 and FY89 are derived by dividing the formula-generated personal services amount by the average compensation for this composite program as shown in the agency's revised operational plans for FY87 following the 5% cut.

Biennial audit costs of \$52,800 are included in FY88.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	215.19	187.60	187.49	187.49
Personal Services	5,274,516.48	5,832,731	5,277,791	5,277,791
Operating Expenses	1,979,191.32	1,354,403	1,805,397	1,787,536
Equipment	314,121.30	379,380	406,851	406,851
<b>Total Agency Costs</b>	<b>\$7,567,829.10</b>	<b>\$7,566,514</b>	<b>\$7,490,039</b>	<b>\$7,472,178</b>
Current Unrestricted Fund	7,567,829.10	7,566,514	7,490,039	7,472,178
<b>Total Funding Costs</b>	<b>\$7,567,829.10</b>	<b>\$7,566,514</b>	<b>\$7,490,039</b>	<b>\$7,472,178</b>
Current Level Services	7,567,829.10	7,566,514	7,490,039	7,472,178
<b>Total Service Costs</b>	<b>\$7,567,829.10</b>	<b>\$7,566,514</b>	<b>\$7,490,039</b>	<b>\$7,472,178</b>

**Agency Description**

Northern Montana College was authorized by the legislature in 1913, but did not open for instruction until 1929. Northern has been a regional, multi-purpose institution from its inception, offering pre-professional and professional courses of study in the liberal arts and sciences, teacher education, and vocational technical studies. Northern has sole responsibility in the Montana University System for vocational-technical education, primary responsibilities for vocational

teacher training, and offers the Bachelor of Technology degree for students who wish to combine a liberal arts background with vocational training. Further, Northern has the sole responsibility for meeting the certification needs of the state through an itinerant vocational teacher-education program. Northern offers master's degrees in elementary education, vocational-technical education, and industrial arts as well as bachelor's degrees in elementary, secondary and vocational-technical education.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	137.40	107.60	113.91	113.91
Personal Services	3,198,074.93	3,832,157	3,411,632	3,411,632
Operating Expenses	400,229.80	236,630	428,216	428,216
Equipment	167,593.07	67,953	201,514	201,514
<b>Total Program Costs</b>	<b>\$3,765,897.80</b>	<b>\$4,136,740</b>	<b>\$4,041,362</b>	<b>\$4,041,362</b>
Current Unrestricted Fund	3,765,897.80	4,136,740	4,041,362	4,041,362
<b>Total Funding Costs</b>	<b>\$3,765,897.80</b>	<b>\$4,136,740</b>	<b>\$4,041,362</b>	<b>\$4,041,362</b>
Current Level Services	3,765,897.80	4,136,740	4,041,362	4,041,362
<b>Total Service Costs</b>	<b>\$3,765,897.80</b>	<b>\$4,136,740</b>	<b>\$4,041,362</b>	<b>\$4,041,362</b>

**Program Description**

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

**Budget Issues**

Instruction is funded at 95% of the formula using Fall 1986 FYFTE enrollments of 1,736 for the entire 1989 biennium. The FTE listed in the 1989 biennium are only the budgeted faculty derived from the Instruction formula. Instructional support staff are not estimated because actual program FTE are a matter of discretion at each unit and may vary according to how staff reductions have been made. Vacancy savings were not applied.

PUBLIC SERVICE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	.14	.10	.10	.10
Personal Services	8,643.35	6,000	7,580	7,580
Operating Expenses	418.76	157	995	995
Equipment	0.00	2,741	0	0
<b>Total Program Costs</b>	<b>\$9,062.11</b>	<b>\$8,898</b>	<b>\$8,575</b>	<b>\$8,575</b>
Current Unrestricted Fund	9,062.11	8,898	8,575	8,575
<b>Total Funding Costs</b>	<b>\$9,062.11</b>	<b>\$8,898</b>	<b>\$8,575</b>	<b>\$8,575</b>
Current Level Services	9,062.11	8,898	8,575	8,575
<b>Total Service Costs</b>	<b>\$9,062.11</b>	<b>\$8,898</b>	<b>\$8,575</b>	<b>\$8,575</b>

**Program Description**

The objective of the Public Service Program is to assist the community and state in community planning and development, urban planning, professional certification, natural resources, business, education, agriculture, industry, health and recreation. This program includes all funds budgeted specifically for extension and public service and expended for activities established primarily to provide noninstructional services to groups outside the institution. Such activities include seminars, projects, and support of various organizations established to provide services to the community.

**Budget Issues**

There was no unfunded pay plan cut amount for this program because the agency allowed none of the pay plan to this program in FY87. There is only .10 FTE associated with this program, reflecting a .04 cut from FY87. The focus of this program has changed to encompass the addition of a campus radio station. The personal services costs have changed with that change of focus.

The operational base cut is \$179. That cut amount was covered by the personal services cut. The 1989 biennium budget is lower than the cut amount because the increase in out-of-state travel that had been requested was not included. The recommended budget level, with 4% vacancy savings, is 5% lower than FY86.

OPERATION & MAINT OF PLANT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	21.60	19.50	18.50	18.50
Personal Services	402,487.21	398,286	421,221	421,221
Operating Expenses	663,713.85	484,851	632,457	657,796
Equipment	15,337.93	14,632	0	0
<b>Total Program Costs</b>	<b>\$1,081,538.99</b>	<b>\$897,769</b>	<b>\$1,053,678</b>	<b>\$1,079,017</b>
Current Unrestricted Fund	1,081,538.99	897,769	1,053,678	1,079,017
<b>Total Funding Costs</b>	<b>\$1,081,538.99</b>	<b>\$897,769</b>	<b>\$1,053,678</b>	<b>\$1,079,017</b>
Current Level Services	1,081,538.99	897,769	1,053,678	1,079,017
<b>Total Service Costs</b>	<b>\$1,081,538.99</b>	<b>\$897,769</b>	<b>\$1,053,678</b>	<b>\$1,079,017</b>

**Program Description**

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

**Budget Issues**

The amount of the unfunded pay plan to be cut from this program is \$21,360. The agency cut 1.00 FTE from the

FY87 level to achieve this cut. The amount of the operating cut is \$39,253. The agency request for operations and equipment was \$28,261 less than the unadjusted base level. However, after removing \$30,169 of accruals incorrectly expensed in FY86, the decreased request was only \$1,908 lower than the adjusted FY86 base. The remaining \$15,985 of the cut amount was taken from the base. (NOTE: expenditures in the FY86 base were transferred across various expenditure categories in budgeting for the 1989 biennium. For this reason, comparisons between second level expenditures in FY86 and the 1989 biennium will not be valid.)



**SCHOLARSHIPS & FELLOWSHIPS PGM**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	238,368.40	272,590	264,188	264,188
<b>Total Program Costs</b>	<b>\$238,368.40</b>	<b>\$272,590</b>	<b>\$264,188</b>	<b>\$264,188</b>
Current Unrestricted Fund	238,368.40	272,590	264,188	264,188
<b>Total Funding Costs</b>	<b>\$238,368.40</b>	<b>\$272,590</b>	<b>\$264,188</b>	<b>\$264,188</b>
Current Level Services	238,368.40	272,590	264,188	264,188
<b>Total Service Costs</b>	<b>\$238,368.40</b>	<b>\$272,590</b>	<b>\$264,188</b>	<b>\$264,188</b>

**Program Description**

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-

aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in aid and trainee stipends to graduate students, but not funds for which services to the institution must be rendered (e.g., payments for teaching).

**SUPPORT**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	56.05	60.40	54.98	54.98
Personal Services	1,665,310.99	1,596,288	1,437,358	1,437,358
Operating Expenses	676,460.51	360,175	479,541	436,341
Equipment	131,190.30	294,054	205,337	205,337
<b>Total Program Costs</b>	<b>\$2,472,961.80</b>	<b>\$2,250,517</b>	<b>\$2,122,236</b>	<b>\$2,079,036</b>
Current Unrestricted Fund	2,472,961.80	2,250,517	2,122,236	2,079,036
<b>Total Funding Costs</b>	<b>\$2,472,961.80</b>	<b>\$2,250,517</b>	<b>\$2,122,236</b>	<b>\$2,079,036</b>
Current Level Services	2,472,961.80	2,250,517	2,122,236	2,079,036
<b>Total Service Costs</b>	<b>\$2,472,961.80</b>	<b>\$2,250,517</b>	<b>\$2,122,236</b>	<b>\$2,079,036</b>

**Program Description**

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

**Budget Issues**

The program expenditure level reflects 94% of the Support formula using Fall 1986 FY/FTE enrollment of 1,736 for both years of the biennium. FTE data for FY88 and FY89 are derived by dividing the formula-generated personal services amount by the average compensation for this composite program as shown in the agency's revised operational plans for FY87 following the 5% cut.

Biennial audit costs of \$43,200 are included in FY88.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	112.18	112.99	103.17	103.17
Personal Services	3,009,831.32	2,974,117	3,102,360	3,102,360
Operating Expenses	824,533.57	783,680	985,563	958,409
Equipment	85,824.40	202,781	106,602	101,102
<b>Total Agency Costs</b>	<b>\$3,920,189.29</b>	<b>\$3,960,578</b>	<b>\$4,194,525</b>	<b>\$4,161,871</b>
Current Unrestricted Fund	3,920,189.29	3,960,578	4,194,525	4,161,871
<b>Total Funding Costs</b>	<b>\$3,920,189.29</b>	<b>\$3,960,578</b>	<b>\$4,194,525</b>	<b>\$4,161,871</b>
Current Level Services	3,920,189.29	3,960,578	4,194,525	4,161,871
<b>Total Service Costs</b>	<b>\$3,920,189.29</b>	<b>\$3,960,578</b>	<b>\$4,194,525</b>	<b>\$4,161,871</b>

**Agency Description**

Western Montana College was established in 1893 as the State Normal School. The first session of school opened in September, 1897. Throughout its history, Western Montana College has been a teacher training institution and it has

continued this emphasis while broadening its curricular base.

Western offers graduate work leading to the master's degree and fifth-year professional certificate in education. Bachelor's degrees are offered in elementary education, secondary education, and natural heritage. Associate degree and transfer programs are offered in several areas.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	68.05	61.36	61.69	61.69
Personal Services	1,631,326.98	1,419,983	1,938,665	1,938,665
Operating Expenses	138,116.17	204,554	258,065	258,065
Equipment	20,951.48	37,334	38,562	38,562
<b>Total Program Costs</b>	<b>\$1,790,394.63</b>	<b>\$1,661,871</b>	<b>\$2,235,292</b>	<b>\$2,235,292</b>
Current Unrestricted Fund	1,790,394.63	1,661,871	2,235,292	2,235,292
<b>Total Funding Costs</b>	<b>\$1,790,394.63</b>	<b>\$1,661,871</b>	<b>\$2,235,292</b>	<b>\$2,235,292</b>
Current Level Services	1,790,394.63	1,661,871	2,235,292	2,235,292
<b>Total Service Costs</b>	<b>\$1,790,394.63</b>	<b>\$1,661,871</b>	<b>\$2,235,292</b>	<b>\$2,235,292</b>

**Program Description**

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

**Budget Issues**

Instruction is funded at 95% of the formula using Fall 1986 FYFTE enrollments of 947 for the entire 1989 biennium. The FTE listed in the 1989 biennium are only the budgeted faculty derived from the instruction formula. Instructional support staff are not estimated because actual program FTE levels are a matter of agency discretion at each unit and may vary depending on how staff reductions have been made. Vacancy savings were not applied.

OPERATION & MAINT OF PLANT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	15.98	14.90	14.10	14.10
Personal Services	367,407.23	401,904	368,238	368,238
Operating Expenses	287,548.33	271,658	293,318	308,164
Equipment	33,186.17	14,042	21,875	16,375
<b>Total Program Costs</b>	<b>\$688,141.73</b>	<b>\$687,604</b>	<b>\$683,431</b>	<b>\$692,777</b>
Current Unrestricted Fund	688,141.73	687,604	683,431	692,777
<b>Total Funding Costs</b>	<b>\$688,141.73</b>	<b>\$687,604</b>	<b>\$683,431</b>	<b>\$692,777</b>
Current Level Services	688,141.73	687,604	683,431	692,777
<b>Total Service Costs</b>	<b>\$688,141.73</b>	<b>\$687,604</b>	<b>\$683,431</b>	<b>\$692,777</b>

**Program Description**

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

**Budget Issues**

The amount of the unfunded pay plan cut for this program is \$14,287. This was achieved by reducing FY87 staffing level by .80 FTE part-time employees for the full amount. The amount of the operational cut to be achieved is \$13,722 - of which \$11,658 was actually cut before an increase was allowed for fire and boiler insurance. Utilities increase because of the inflation adjustment used in the Executive Budget process. Equipment acquisition of \$21,875 per year is recommended.

SCHOLARSHIPS & FELLOWSHIPS PGM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	75,057.19	82,630	83,231	83,231
<b>Total Program Costs</b>	<b>\$75,057.19</b>	<b>\$82,630</b>	<b>\$83,231</b>	<b>\$83,231</b>
Current Unrestricted Fund	75,057.19	82,630	83,231	83,231
<b>Total Funding Costs</b>	<b>\$75,057.19</b>	<b>\$82,630</b>	<b>\$83,231</b>	<b>\$83,231</b>
Current Level Services	75,057.19	82,630	83,231	83,231
<b>Total Service Costs</b>	<b>\$75,057.19</b>	<b>\$82,630</b>	<b>\$83,231</b>	<b>\$83,231</b>

**Program Description**

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-

aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in aid and trainee stipends to graduate students, but not funds for which services to the institution must be rendered (e.g., payments for teaching).

SUPPORT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	28.15	36.73	27.38	27.38
Personal Services	1,011,097.11	1,152,230	795,457	795,457
Operating Expenses	323,811.88	224,838	350,949	308,949
Equipment	31,686.75	151,405	46,165	46,165
<b>Total Program Costs</b>	<b>\$1,366,595.74</b>	<b>\$1,528,473</b>	<b>\$1,192,571</b>	<b>\$1,150,571</b>
Current Unrestricted Fund	1,366,595.74	1,528,473	1,192,571	1,150,571
<b>Total Funding Costs</b>	<b>\$1,366,595.74</b>	<b>\$1,528,473</b>	<b>\$1,192,571</b>	<b>\$1,150,571</b>
Current Level Services	1,366,595.74	1,528,473	1,192,571	1,150,571
<b>Total Service Costs</b>	<b>\$1,366,595.74</b>	<b>\$1,528,473</b>	<b>\$1,192,571</b>	<b>\$1,150,571</b>

**Program Description**

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and

galleries, audio/visual services, academic administration and personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general

administrative services, logistical services, and community relations.

**Budget Issues**

This program expenditure level reflects 94% of the Support formula using Fall 1986 FYFTE enrollment of 947 for both years of the biennium. FTE data for FY88 and FY89 are derived by dividing the formula-generated personal services amount by the average compensation for this composite program as shown in the agency's revised operational plans for FY87 following the 5% cut.

Biennial audit costs of \$42,000 are included in FY88.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	291.70	279.65	258.59	258.59
Personal Services	6,857,593.68	7,200,421	6,717,917	6,717,917
Operating Expenses	1,478,861.06	1,902,802	1,435,585	1,457,996
Equipment	206,809.70	1,806	285,197	285,197
Capital Outlay	714.06	0	0	0
Debt Service	15,578.20	0	0	0
<b>Total Agency Costs</b>	<b>\$8,559,556.70</b>	<b>\$9,105,023</b>	<b>\$8,438,699</b>	<b>\$8,461,110</b>
Current Unrestricted Fund	8,559,556.70	9,105,023	8,438,699	8,461,110
<b>Total Funding Costs</b>	<b>\$8,559,556.70</b>	<b>\$9,105,023</b>	<b>\$8,438,699</b>	<b>\$8,461,110</b>
Current Level Services	8,559,556.70	9,105,023	8,438,699	8,461,110
<b>Total Service Costs</b>	<b>\$8,559,556.70</b>	<b>\$9,105,023</b>	<b>\$8,438,699</b>	<b>\$8,461,110</b>

**Agency Description**

The Agricultural Experiment Station was established at Montana State University in 1893 by the Montana Legislature under authorization provided by the U.S. Congress of 1887 (Hatch Act). The station is composed of fourteen research and service departments and laboratories located at Bozeman, and seven research centers located around the state.

The goal of the Agricultural Experiment Station is to contribute to the welfare of the state, national and international communities through relevant research programs on agricultural problems. Research is conducted to improve the com-

petitive position of Montana crop and livestock producers, and to develop agricultural production principles and techniques applicable to semi-arid and intermountain regions throughout the world.

**Policy Issues**

Plans for consolidating all or parts of the Agricultural Experiment Station and the Cooperative Extension Service were not finalized at the time of the preparation of the Executive Budget. Therefore, budget reductions were applied to the programs of the Experiment Station. The total amount to be cut from the budgets is \$430,056.

AG EXPERIMENT STATION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	255.57	243.91	231.91	231.91
Personal Services	6,414,812.87	6,464,145	6,395,159	6,395,159
Operating Expenses	1,445,558.94	1,706,386	1,429,241	1,451,035
Equipment	204,359.70	0	282,197	282,197
Capital Outlay	714.06	0	0	0
Debt Service	15,578.20	0	0	0
<b>Total Program Costs</b>	<b>\$8,081,023.77</b>	<b>\$8,170,531</b>	<b>\$8,106,597</b>	<b>\$8,128,391</b>
Current Unrestricted Fund	8,081,023.77	8,170,531	8,106,597	8,128,391
<b>Total Funding Costs</b>	<b>\$8,081,023.77</b>	<b>\$8,170,531</b>	<b>\$8,106,597</b>	<b>\$8,128,391</b>
Current Level Services	8,081,023.77	8,170,531	8,106,597	8,128,391
<b>Total Service Costs</b>	<b>\$8,081,023.77</b>	<b>\$8,170,531</b>	<b>\$8,106,597</b>	<b>\$8,128,391</b>

**Program Description**

The Agricultural Experiment Station conducts research to improve the competitive position of Montana crop and livestock producers. The station has eight research centers, including the headquarters at Montana State University.

**Budget Issues**

This program has already had to cut 11.66 FTE from its FY86 staff level in order to comply with the cuts in appropriation authority in FY86 and FY87. The amount to be further cut from the base of this program is \$403,813. Twelve FTE were cut to achieve most of the reduction - 5.23 FTE faculty and 6.77 support FTE. Operations were cut by approximately \$37,500.

Vacancy savings was NOT applied to faculty compensation. The amount of vacancy savings foregone is \$129,000. Authorization for \$275,000 per year of equipment purchases and current level of library book acquisition is recommended.

This program has experienced revenue declines from all its funding sources. The original FY87 budgeted revenue has fallen short by approximately 11%: 3% from federal cutbacks, 8% from general fund in pay plan cuts and the 5% cut, and 2% due to income shortfalls from the eight income units of the Station. Scope of operation has been severely curtailed.

US RANGE STATION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	36.13	35.74	26.68	26.68
Personal Services	442,780.81	736,276	322,758	322,758
Operating Expenses	33,302.12	196,416	6,344	6,961
Equipment	2,450.00	1,800	3,000	3,000
<b>Total Program Costs</b>	<b>\$478,532.93</b>	<b>\$934,492</b>	<b>\$332,102</b>	<b>\$332,719</b>
Current Unrestricted Fund	478,532.93	934,492	332,102	332,719
<b>Total Funding Costs</b>	<b>\$478,532.93</b>	<b>\$934,492</b>	<b>\$332,102</b>	<b>\$332,719</b>
Current Level Services	478,532.93	934,492	332,102	332,719
<b>Total Service Costs</b>	<b>\$478,532.93</b>	<b>\$934,492</b>	<b>\$332,102</b>	<b>\$332,719</b>

**Program Description**

The USDA Livestock and Range Research Station at Miles City is a joint state-federal operation. The station is the largest beef cattle research facility in the nation. Current research includes: beef cattle breeding, reproduction and nutrition; range management and range renovation.

**Budget Issues**

The amount to be cut from this program is \$26,243. This program will be functioning at approximately a third of its

1987 biennium level due to shortfalls in livestock sales income. The state support of this operation consists entirely of that income - the federal support is not appropriated. The budget request from the agency was almost \$200,000 lower than current level, but the FTE remained the same. The Executive Budget reduces staff level by 8.76 FTE to correspond more closely with anticipated personal services costs. Replacement of ranch horses at \$3,000 per year is included in the budget.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	135.80	135.30	116.19	116.19
Personal Services	3,450,869.12	3,532,038	3,223,172	3,223,172
Operating Expenses	545,755.82	689,170	482,699	484,439
Equipment	19,495.48	14,881	15,000	15,000
Debt Service	722.40	0	0	0
<b>Total Agency Costs</b>	<b>\$4,016,842.82</b>	<b>\$4,236,089</b>	<b>\$3,720,871</b>	<b>\$3,722,611</b>
Current Unrestricted Fund	4,016,842.82	4,236,089	3,720,871	3,722,611
<b>Total Funding Costs</b>	<b>\$4,016,842.82</b>	<b>\$4,236,089</b>	<b>\$3,720,871</b>	<b>\$3,722,611</b>
Current Level Services	4,016,842.82	4,236,089	3,720,871	3,722,611
<b>Total Service Costs</b>	<b>\$4,016,842.82</b>	<b>\$4,236,089</b>	<b>\$3,720,871</b>	<b>\$3,722,611</b>

### Agency Description

The Cooperative Extension Service was created in 1914. The role of the Cooperative Extension Service is educational; the service disseminates and encourages practical use of knowledge gained primarily from research and experimentation performed at Montana State University. The objective of the Extension Service is to conduct a program of education relating to efficient agricultural production, marketing of agricultural products, human resource development, and farm and home safety. The Service also provides special nutrition programs for low-income people and pro-

notes a development program for Montana communities incorporating economic, natural, and human resources.

### Policy Issues

Plans for consolidating all or parts of the Cooperative Extension Service and the Agricultural Experiment Station were not finalized at the time of the preparation of the Executive Budget. Therefore, budget reductions were applied totalling \$189,304.

Staff level was reduced by 5.72 FTE and operations were cut by approximately \$64,000 to achieve the total cut. An annual equipment budget of \$15,000 is recommended.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	19.21	16.54	18.21	18.21
Personal Services	515,808.87	495,825	511,084	511,084
Operating Expenses	133,472.78	132,817	131,569	133,390
Equipment	19,062.40	16,667	13,233	13,233
Capital Outlay	3,468.00	0	0	0
<b>Total Agency Costs</b>	<b>\$671,812.05</b>	<b>\$645,309</b>	<b>\$655,886</b>	<b>\$657,707</b>
Current Unrestricted Fund	671,812.05	645,309	655,886	657,707
<b>Total Funding Costs</b>	<b>\$671,812.05</b>	<b>\$645,309</b>	<b>\$655,886</b>	<b>\$657,707</b>
Current Level Services	671,812.05	645,309	655,886	657,707
<b>Total Service Costs</b>	<b>\$671,812.05</b>	<b>\$645,309</b>	<b>\$655,886</b>	<b>\$657,707</b>

#### Agency Description

The Forestry and Conservation Experiment Station's purposes include the study of relationships between forests and other dimensions of the environment, the discovery of ways to improve the products of forest lands and the completion and publication of reports about forestry research. Research is carried on at Lubrecht Experimental Forest and at other

locations in Montana in cooperation with private, state and federal agencies.

#### Budget Issues

The amount to be cut from the base of this program is \$36,877. The reduction was achieved by cutting 1.00 FTE graduate teaching assistant and \$20,000 of operational expenses. Approximately \$13,000 per year is recommended for equipment acquisition.



Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	86.82	86.82	85.63	85.63
Personal Services	1,916,667.43	2,017,631	1,983,946	1,981,945
Operating Expenses	1,084,962.84	472,853	926,952	920,344
Equipment	51,267.19	31,517	35,551	10,750
<b>Total Agency Costs</b>	<b>\$3,052,897.46</b>	<b>\$2,522,001</b>	<b>\$2,946,449</b>	<b>\$2,913,039</b>
General Fund	2,639,471.06	2,060,846	2,539,844	2,525,961
Federal & Other Spec Rev Fund	413,426.40	461,155	406,605	387,078
<b>Total Funding Costs</b>	<b>\$3,052,897.46</b>	<b>\$2,522,001</b>	<b>\$2,946,449</b>	<b>\$2,913,039</b>
Current Level Services	3,051,147.46	2,522,001	2,943,349	2,889,020
Modified Level Services	1,750.00	0	3,100	24,019
<b>Total Service Costs</b>	<b>\$3,052,897.46</b>	<b>\$2,522,001</b>	<b>\$2,946,449</b>	<b>\$2,913,039</b>

**Agency Description**

The Montana School for the Deaf and Blind is a boarding school for a maximum of 80 children and adolescents who are deaf and/or blind or whose hearing or sight is so defective that they are unable to receive a proper education in the public schools of the state. Additionally, the school provides for a minimum of 50 day students from the Great

Falls area. The school serves over 230 students in local education agencies through a resource consultant program. The statutory authority for the school is contained in Title 20, chapter 8, part 1, MCA. The purpose of the school is to provide, by the use of specialized methods and systems, an ordinary public school education and to teach trades and vocations that will enable children attending the school to become independent and self-sustaining citizens.

ADMINISTRATION PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	5.00	5.25	5.00	5.00
Personal Services	137,410.62	138,154	135,598	135,500
Operating Expenses	46,830.63	39,876	60,767	44,049
<b>Total Program Costs</b>	<b>\$184,241.25</b>	<b>\$178,030</b>	<b>\$196,365</b>	<b>\$179,549</b>
General Fund	184,241.25	178,030	196,365	179,549
<b>Total Funding Costs</b>	<b>\$184,241.25</b>	<b>\$178,030</b>	<b>\$196,365</b>	<b>\$179,549</b>
Current Level Services	184,241.25	178,030	196,365	179,549
<b>Total Service Costs</b>	<b>\$184,241.25</b>	<b>\$178,030</b>	<b>\$196,365</b>	<b>\$179,549</b>

**Program Description**

The Administration Program staff provide purchasing, accounting, and personnel functions and management of business affairs for the school.

**Budget Issues**

Personal services expenses decline slightly between the base and FY88 and FY89 due to termination payout for sick leave and vacation that are in FY86 only. Hourly wages shown in FY86 are included in salary and expenses in FY88 and FY89. Audit costs are added into FY88 only at \$16,800.

GENERAL SERVICES PROGRAM  
Budget Detail SummaryActual  
FY 1986Budgeted  
FY 1987Recommendation  
FY 1988      FY 1989

Full Time Equivalent Employees	5.75	6.50	4.00	4.00
Personal Services	118,434.73	121,443	91,171	91,692
Operating Expenses	150,910.64	196,230	160,195	170,308
Equipment	3,508.90	0	6,190	1,650
<b>Total Program Costs</b>	<b>\$272,854.27</b>	<b>\$317,673</b>	<b>\$257,556</b>	<b>\$263,650</b>
General Fund	272,854.27	317,673	257,556	263,650
<b>Total Funding Costs</b>	<b>\$272,854.27</b>	<b>\$317,673</b>	<b>\$257,556</b>	<b>\$263,650</b>
Current Level Services	272,854.27	317,673	257,556	263,650
<b>Total Service Costs</b>	<b>\$272,854.27</b>	<b>\$317,673</b>	<b>\$257,556</b>	<b>\$263,650</b>

**Program Description**

The General Services Program staff are responsible for the repair and maintenance of the school's eight (8) buildings and 18.5 acre campus.

1986 Special Session. The increase in operating expenses is due solely to the anticipated inflation for the School's utility usage. The recommended budget keeps the base utility expenditures at the FY86 level. Equipment includes a small tractor-type lawnmower to replace a similar unit.

**Budget Issues**

The School has reduced 1.75 FTE in this program to absorb a portion of the budget reductions made during the June.

STUDENT SERVICES  
Budget Detail SummaryActual  
FY 1986Budgeted  
FY 1987Recommendation  
FY 1988      FY 1989

Full Time Equivalent Employees	30.20	27.47	31.95	31.95
Personal Services	526,660.74	523,586	603,951	603,428
Operating Expenses	99,040.19	122,701	112,183	115,127
Equipment	16,850.74	1,710	7,110	4,200
<b>Total Program Costs</b>	<b>\$642,551.67</b>	<b>\$647,997</b>	<b>\$723,244</b>	<b>\$722,755</b>
General Fund	612,551.67	617,997	693,244	692,755
Federal & Other Spec Rev Fund	30,000.00	30,000	30,000	30,000
<b>Total Funding Costs</b>	<b>\$642,551.67</b>	<b>\$647,997</b>	<b>\$723,244</b>	<b>\$722,755</b>
Current Level Services	642,551.67	647,997	723,244	722,755
<b>Total Service Costs</b>	<b>\$642,551.67</b>	<b>\$647,997</b>	<b>\$723,244</b>	<b>\$722,755</b>

**Program Description**

The Student Services Program exists to provide residential care for a maximum of 80 children living at the school.

**Budget Issues**

The FTE level increases due to transfer of positions from the Education program to this program. The transportation options and costs for allowing students to travel home during the year has changed dramatically. In the past, the School contracted with a private bus line to take a majority of the students home. This service is no longer available due

to liability insurance problems for the carrier. Public bus lines, and in some cases air travel, will be necessary in the future. In addition, the School will take a portion of the students home in a School-owned van. This change has required an increase in travel expenses totalling \$9,438 over the FY86 level.

Equipment includes 3 dishwashers, 4 vacuum cleaners, 3 sets of washers and dryers, a refrigerator, 2 telecaption machines, 3 television sets, a food processor, and 5 communication devices to allow communications with deaf parents. These items total \$11,310 over the biennium.

EDUCATION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	45.87	47.60	43.68	43.68
Personal Services	1,134,161.34	1,234,448	1,124,050	1,122,199
Operating Expenses	116,607.34	114,046	127,434	124,435
Equipment	30,907.55	29,807	5,150	4,900
<b>Total Program Costs</b>	<b>\$1,281,676.23</b>	<b>\$1,378,301</b>	<b>\$1,256,634</b>	<b>\$1,251,534</b>
General Fund	898,249.83	947,146	880,029	894,456
Federal & Other Spec Rev Fund	383,426.40	431,155	376,605	357,078
<b>Total Funding Costs</b>	<b>\$1,281,676.23</b>	<b>\$1,378,301</b>	<b>\$1,256,634</b>	<b>\$1,251,534</b>
Current Level Services	1,279,926.23	1,378,301	1,253,534	1,227,515
Modified Level Services	1,750.00	0	3,100	24,019
<b>Total Service Costs</b>	<b>\$1,281,676.23</b>	<b>\$1,378,301</b>	<b>\$1,256,634</b>	<b>\$1,251,534</b>

**Program Description**

The Education Program exists to provide an education for children with a hearing and/or sight loss which prevents them from receiving an adequate education in their regular hometown public or private school. The program also provides "mainstream" programs for certain students in a joint effort with Great Falls Public School System.

**Budget Issues**

The FTE in the Education program decrease from the FY86 level due to the transfer of 1.95 FTE to the Student Services program and the deletion of a .24 FTE aggregate position. Expenses for books increase by \$9,750 in each year of the biennium for a one-time purchase of new textbooks to replace out-of-date books in the math, science, and social science areas. The recommended budget includes 7 classroom typewriters over the biennium, and a copy machine at

\$3,000 in each year. One copy machine is needed that will magnify documents to assist students in reading the material. A second machine is necessary to replace a 12-year old machine used to reproduce student records.

**Modification Request**

Federal Chapter I funds are used to support many of the positions in this program. The Federal funds have not increased with the cost of federally mandated services, and the School has requested that the current level of services be maintained with general fund. The recommended budget includes additional general fund of \$3,100 in FY88 and \$24,019 in FY89 to maintain these services. If the Federal funds are not replaced, the school will lose \$3,100 from the Parent-Infant counseling program, and in FY 1989 will delete a .73 FTE Recreational specialist position. This position and program are not mandated by the Federal government but are currently supported with Federal funds.

AUDIOLOGY PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	1.00	1.00
Personal Services	0.00	0	29,176	29,126
Operating Expenses	671,574.04	0	466,373	466,425
Equipment	0.00	0	17,101	0
<b>Total Program Costs</b>	<b>\$671,574.04</b>	<b>\$0</b>	<b>\$512,650</b>	<b>\$495,551</b>
General Fund	671,574.04	0	512,650	495,551
<b>Total Funding Costs</b>	<b>\$671,574.04</b>	<b>\$0</b>	<b>\$512,650</b>	<b>\$495,551</b>
Current Level Services	671,574.04	0	512,650	495,551
<b>Total Service Costs</b>	<b>\$671,574.04</b>	<b>\$0</b>	<b>\$512,650</b>	<b>\$495,551</b>

**Program Description**

The Audiology Program provides hearing screening services to all public schools in Montana. The services are carried out by providers contracting with the Montana School for the Deaf/Blind. Appropriate referrals are made for students identified as having a hearing loss.

**Budget Issues**

The audiology program was changed significantly during the June, 1986 Special Session. The Legislature approved a plan

from the School to request bids for providing hearing tests and related followup activities for school children throughout the state. The Legislature also approved a program manager to supervise the audiology program. The recommended budget continues this concept of providing for hearing tests for schoolchildren. The recommended budget includes \$17,101 for purchase of audiometers to replace existing equipment that was purchased prior to 1975.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	5.50	4.00	7.47	7.47
Personal Services	102,469.88	113,255	186,022	185,852
Operating Expenses	292,796.39	222,117	201,179	190,467
Equipment	1,544.00	0	0	0
Grants	670,163.08	168,600	132,052	138,096
<b>Total Agency Costs</b>	<b>\$1,066,973.35</b>	<b>\$503,972</b>	<b>\$519,253</b>	<b>\$514,415</b>
General Fund	118,707.00	111,174	117,403	112,585
State Special Revenue Fund	530,716.35	0	0	0
Federal & Other Spec Rev Fund	417,550.00	392,798	401,850	401,830
<b>Total Funding Costs</b>	<b>\$1,066,973.35</b>	<b>\$503,972</b>	<b>\$519,253</b>	<b>\$514,415</b>
Current Level Services	1,066,973.35	503,972	519,253	514,415
<b>Total Service Costs</b>	<b>\$1,066,973.35</b>	<b>\$503,972</b>	<b>\$519,253</b>	<b>\$514,415</b>

#### Agency Description

As authorized by section 22-2-101, MCA, the Montana Arts Council exists to encourage the expansion of opportunities for all Montana citizens to create, participate in, and appreciate the arts, regardless of age, sex, race, income, place of residence, or physical condition. The Montana Arts Council

encourages the study and presentation of the arts throughout the state. It stimulates public interest and participation in arts activities and cooperates with public and private institutions engaged in artistic and cultural activities. It also provides grants for technical assistance, distribution of art resources, special project assistance, and pilot project development.

PROMOTION OF THE ARTS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	2.10	2.10	4.00	4.00
Personal Services	61,067.60	72,723	108,576	108,390
Operating Expenses	73,472.40	40,597	43,451	32,725
Equipment	299.00	0	0	0
Grants	0.00	12,489	0	0
<b>Total Program Costs</b>	<b>\$134,839.00</b>	<b>\$125,809</b>	<b>\$152,027</b>	<b>\$141,115</b>
General Fund	60,399.00	54,390	62,434	57,608
Federal & Other Spec Rev Fund	74,440.00	71,419	89,593	83,507
<b>Total Funding Costs</b>	<b>\$134,839.00</b>	<b>\$125,809</b>	<b>\$152,027</b>	<b>\$141,115</b>
Current Level Services	134,839.00	125,809	152,027	141,115
<b>Total Service Costs</b>	<b>\$134,839.00</b>	<b>\$125,809</b>	<b>\$152,027</b>	<b>\$141,115</b>

#### Program Description

The promotion of the Arts program provides for the core administrative function of the Council, including the Executive Director, Executive Secretary, office manager, accounting support, public communication and coordination, document processing, clerical support, Council operations, and audit.

#### Budget Issues

The Montana Arts Council is requesting recognition of the entire staff of the agency as state employees. The legislative auditors have recommended state employee status for all Montana Arts Council staff, pointing out that these positions do not meet the state requirements for an independent contractor as set forth in the ABC test of the employment laws of the state.

Also, the IRS determines whether an individual should be an independent contractor or an employee. An employer who incorrectly classifies individuals as independent con-

tractors instead of employees is responsible for payment of future and back withholding taxes, unemployment compensation, and worker's compensation.

This budget request takes all positions out of contracted services and places them in personal services as state employees. We strongly urge legislative support of this recommendation to avoid potentially serious consequences of not complying with state and federal guidelines regarding independent contractor status.

In the Promotion of the Arts current level program, 2.10 FTE were classified as full time state employees and the equivalent of 2.00 FTE were in contracted services. This recommendation places the two FTE contracted services employees in personal services as regular state FTE.

In order to meet unfunded pay increases and to cover percentage reductions, a .10 FTE program specialist was deleted. The net effect is a recommendation of 4.00 FTE each year for this program. The salaries and benefits for

these FTE account for the increases in personal services. A 4% vacancy savings factor has been applied.

Most of the decrease in operations is the result of taking the two positions out of contracted services and placing them in personal services. There was also base reductions of \$1,396

to cover pay increases and budget reductions.

The increase in general fund is mostly attributable to increased audit fees. The increase in federal funds is offset by a decrease in federal funds in the Special Projects Program.

GRANTS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Grants	670,163.08	148,171	132,052	138,096
<b>Total Program Costs</b>	<b>\$670,163.08</b>	<b>\$148,171</b>	<b>\$132,052</b>	<b>\$138,096</b>
General Fund	20,000.00	20,000	20,000	20,000
State Special Revenue Fund	481,498.08	0	0	0
Federal & Other Spec Rev Fund	168,665.00	128,171	112,052	118,096
<b>Total Funding Costs</b>	<b>\$670,163.08</b>	<b>\$148,171</b>	<b>\$132,052</b>	<b>\$138,096</b>
Current Level Services	670,163.08	148,171	132,052	138,096
<b>Total Service Costs</b>	<b>\$670,163.08</b>	<b>\$148,171</b>	<b>\$132,052</b>	<b>\$138,096</b>

#### Program Description

The Grants Program includes: 1) Council-initiated projects, 2) Council grants and fellowships, and 3) Cultural and aesthetic projects grants.

The definitions of these various types are as follows:

Council-initiated projects: These projects, carried out at the initiation of the Council, may or may not be on-going, are administered by existing staff, and are charged only for the direct costs incurred with no administrative costs allocated to them.

Council grants and fellowships: Applications are made by nonprofit organizations and individual artists and compete with all other applications submitted. Grants are reviewed by staff, evaluated by advisory panels, which in turn make their recommendations to the full Council which make the final awards.

Cultural and aesthetic projects grants: Applications are made by governing units and compete with all other Cul-

tural and Aesthetic projects proposals submitted. Grants are reviewed by staff, evaluated by the Cultural and Aesthetic Projects Advisory Committee, which makes its recommendations to the joint sub committee on Education and Culture. The final allocations are legislated by the House and Senate.

#### Budget Issues

The Cultural and Aesthetic Project funds and the Coal Trust Tax funds are state special revenues which are appropriated by separate legislation. The amount of appropriated funds for FY88 and FY89 will not be known until the 50th Legislature acts on the recommendations of the Cultural Arts Advisory Committee and Long Range Planning Committee recommendations. The agency projects a 13% decrease in federal funds in their combined programs. The reduction in federal funding shown in the Grants Program is part of that overall decline.

SPECIAL PROJECTS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	3.40	1.90	3.47	3.47
Personal Services	41,402.28	40,532	77,446	77,462
Operating Expenses	219,323.99	181,520	157,728	157,742
Equipment	1,245.00	0	0	0
Grants	0.00	7,940	0	0
<b>Total Program Costs</b>	<b>\$261,971.27</b>	<b>\$229,992</b>	<b>\$235,174</b>	<b>\$235,204</b>
General Fund	38,308.00	36,784	34,969	34,977
State Special Revenue Fund	49,218.27	0	0	0
Federal & Other Spec Rev Fund	174,445.00	193,208	200,205	200,227
<b>Total Funding Costs</b>	<b>\$261,971.27</b>	<b>\$229,992</b>	<b>\$235,174</b>	<b>\$235,204</b>
Current Level Services	261,971.27	229,992	235,174	235,204
<b>Total Service Costs</b>	<b>\$261,971.27</b>	<b>\$229,992</b>	<b>\$235,174</b>	<b>\$235,204</b>

#### Program Description

The special projects program carries out the on-going programs of the Council, including Organizational Services,

Artists Services and Artists in Schools, the Montana Folklife Project, Coal Tax Administration, data processing, Advisory Panels, and Public Art.

**Budget Issues**

It is recommended that the contracted services positions in the Special Project Program be placed in personal services as state employees to adhere to state and federal guidelines on independent contractor status of employees. Consequently, 1.57 FTE contracted services employees are now shown as state employees.

A 4% vacancy savings factor has been applied to this program.

There are several factors which account for the reduction in operations in this program. The moving of contracted services positions to personal services reduced over \$38,000.

There was \$3,840 in base reductions to cover unfunded pay increases and percentage budget reductions. There were over \$19,000 in operational reductions because of less MAC grant funds.

The general fund portion of the base reductions was \$2,093. The Cultural and Aesthetic funds are state special appropriations and are not known in FY88 and FY89 until legislative action is taken. The MAC Community match increases to include community dance drama funds which now must flow through the Arts Council to ensure proper accounting procedures. The agency anticipates receiving less federal MAC administration funds.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	26.60	25.50	27.50	27.50
Personal Services	588,687.86	569,239	634,364	633,846
Operating Expenses	430,316.29	301,751	401,655	381,666
Equipment	114,084.32	97,494	111,457	92,014
Grants	686,077.34	588,483	507,954	519,954
<b>Total Agency Costs</b>	<b>\$1,819,165.81</b>	<b>\$1,556,967</b>	<b>\$1,655,430</b>	<b>\$1,627,480</b>
General Fund	542,293.89	524,096	530,180	502,717
State Special Revenue Fund	528,390.61	423,866	427,317	416,839
Federal & Other Spec Rev Fund	748,481.31	609,005	697,933	707,924
<b>Total Funding Costs</b>	<b>\$1,819,165.81</b>	<b>\$1,556,967</b>	<b>\$1,655,430</b>	<b>\$1,627,480</b>
Current Level Services	1,819,165.81	1,556,967	1,602,119	1,591,856
Modified Level Services	0.00	0	53,311	35,624
<b>Total Service Costs</b>	<b>\$1,819,165.81</b>	<b>\$1,556,967</b>	<b>\$1,655,430</b>	<b>\$1,627,480</b>

### Agency Description

As authorized in Title 22, Chapter 1, MCA, the Montana State Library is responsible for providing assistance and advice to all tax supported libraries and to citizens and local governments which may wish to establish and improve libraries. It administers all state and federal funding to public libraries throughout Montana. It administers the State Library which (a) provides information service to state government; (b) provides referral and backup service to all libraries in the state; (c) provides direct library service to all blind and physically handicapped Montana residents; (d) is responsible for distribution centers of state documents, and (e) is responsible for the Natural Resource Information System and the Natural Heritage Program under MCA 90-15-101. It also oversees the six federations of libraries and does policy development, long range planning and coordination of library service throughout the state.

### Special Narrative

The total current level FTE budgeted for FY86 and FY87 for the State Library was 25.50. An additional 2.00 FTE were created for the Natural Resources/Heritage Program as authorized in HB860. This brought the Library to a total of 27.50 FTE. The FY86 actual FTE of 26.60 reflects the agency's current level of 25.50 plus 1.10 FTE utilized by the Natural Resources/Heritage Program when FTE were hired for only a portion of FY86.

In order to cover unfunded pay increases and budget reductions, a 1.00 FTE Library Clerk has been reduced from the FY88 and FY89 budget recommendation. This action provides a savings of \$14,000 each year in salary and benefits. Thus, a total of 26.50 current level FTE is recommended for FY88 and FY89.

The State Library made numerous position transfers between its programs in FY86. These actions were an effort to provide the most efficient supervision and staff coverage for the various functions of the Library in view of difficult fiscal conditions.

This transferring of positions accounts for the various levels of program FTE reflected in FY86. Overall, the Library remained within its authorized level of positions.

The State Library's recommended general fund decreases from the current level by 2.2% in FY88 and 7.3% in FY89. The major factors accounting for the decrease is the reduction of 1.00 FTE from personal services, the elimination of the Butte Film Service contract and other base adjustments to cover unfunded pay increases and budget reductions. There is a greater decline in general fund in FY89 because FY88 includes biennial audit fees.

The decrease in the state special revenue is primarily attributable to the Revenue Estimating Advisory Council (REAC) estimated decline of coal tax revenues. There is less of a decrease of state special revenue in FY89 because a greater portion of coal tax funds for Library Development is estimated by REAC in FY89 than FY88. The distribution of coal tax revenues is an important issue to the Library community. The decline in these revenues is \$126,271 in FY88 and \$114,271 in FY89 less than the Library requested. The impact is that fewer dollars will be distributed to the library federations for library service.

The State Library estimates that the Library Service and Construction Act (LSCA) funds will be \$649,622 in FY88 and \$649,663 in FY89. This is a 6.2% increase of those federal funds which are used throughout the programs of the State Library, and for grants to local libraries.

REFERENCE & INFORMATION SER.  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	6.58	6.50	5.00	5.00
Personal Services	155,799.76	129,759	115,425	115,278
Operating Expenses	137,975.71	152,053	144,996	148,958
Equipment	83,860.24	85,691	82,465	82,465
<b>Total Program Costs</b>	<b>\$377,635.71</b>	<b>\$367,503</b>	<b>\$342,886</b>	<b>\$346,701</b>
General Fund	269,310.01	251,813	213,354	219,688
State Special Revenue Fund	19,045.28	21,874	25,389	22,870
Federal & Other Spec Rev Fund	89,280.42	93,816	104,143	104,143
<b>Total Funding Costs</b>	<b>\$377,635.71</b>	<b>\$367,503</b>	<b>\$342,886</b>	<b>\$346,701</b>
Current Level Services	377,635.71	367,503	342,886	346,701
<b>Total Service Costs</b>	<b>\$377,635.71</b>	<b>\$367,503</b>	<b>\$342,886</b>	<b>\$346,701</b>

## Program Description

Under MCA 22-1-103(2)(4)(7), the Reference and Information Services program provides staff, services and collections of materials to make available information service for all state agencies and state employees. It also provides referral and backup services for all libraries within the state. The collections of materials provide an information base for state government and special items which local libraries are not able to provide. Services include interlibrary loan for all state employees, database searching for both state employees and citizens in Montana, circulation and collection development.

## Budget Issues

There are 5.00 current level FTE recommended for the Reference and Information Program. A 4% vacancy savings factor has been applied.

The recommended level of operations increases by \$7,000 over the current level. A current level adjustment for a price increase in Western Library Network charges for system usage accounts for \$6,425 of the increase. The remainder of the increase is in Department of Administration rent charges.

There is \$82,465 recommended each year for the purchase of books.

The Miscellaneous Reimbursement funds in the 1987 biennium are recorded as administrative funds in the Administration Program in the 1989 biennium.

LIBRARY DEVELOPMENT  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	3.54	3.00	5.00	5.00
Personal Services	70,584.16	92,223	117,392	117,195
Operating Expenses	43,687.55	33,648	47,464	42,226
Equipment	0.00	0	1,416	500
Grants	686,077.34	588,483	507,954	519,954
<b>Total Program Costs</b>	<b>\$800,349.05</b>	<b>\$714,354</b>	<b>\$674,226</b>	<b>\$679,875</b>
General Fund	34,657.24	36,737	60,580	60,416
State Special Revenue Fund	368,534.12	361,153	237,007	249,007
Federal & Other Spec Rev Fund	397,157.69	316,464	376,639	370,452
<b>Total Funding Costs</b>	<b>\$800,349.05</b>	<b>\$714,354</b>	<b>\$674,226</b>	<b>\$679,875</b>
Current Level Services	800,349.05	714,354	632,415	644,251
Modified Level Services	0.00	0	41,811	35,624
<b>Total Service Costs</b>	<b>\$800,349.05</b>	<b>\$714,354</b>	<b>\$674,226</b>	<b>\$679,875</b>

## Program Description

Under MCA 22-1-103(1)(3)(5)(8)(9), this program provides staff and services to give assistance and advice to all tax supported libraries and to local government and citizens who wish to establish and improve libraries. It oversees the six federations of libraries throughout Montana. It provides both automation planning and links Montana with computer networks throughout the region and the nation. This includes development and coordination of library service, long range planning and public information about library services in the state.

## Budget Issues

There are 4.00 FTE recommended in the current level budget for the Library Development Program. A 4% vacancy savings factor has been applied.

The discontinuation of the Butte Film Service Contract accounts for most of the reduction in the operational costs of this recommendation for current level. This \$11,572 decrease is a base adjustment to cover the unfunded pay plan and percentage budget reductions.



The reduction in grants is the result of lower estimated coal trust revenues.

#### Modification Request

This modification allows the State Library to receive and expend private funds from the Kellogg Foundation as part of a four state grant for information delivery to rural com-

munities. The Kellogg grant was approved for FY86 and FY87 by budget amendment. This request is recommended in order to provide for the continuation of the project in the next biennium.

It includes one FTE to conduct formal assessments of rural residents' needs for education and training programs.

FY88 \$41,811

FY89 \$35,624

#### INSTITUTIONAL LIB SER PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	1.25	2.00	1.25	1.25
Personal Services	32,519.27	47,064	27,506	27,484
Operating Expenses	11,946.54	9,399	11,929	11,929
Equipment	9,049.19	10,873	9,049	9,049
<b>Total Program Costs</b>	<b>\$53,515.00</b>	<b>\$67,336</b>	<b>\$48,484</b>	<b>\$48,462</b>
General Fund	13,022.75	20,222	6,255	6,218
Federal & Other Spec Rev Fund	40,492.25	47,114	42,229	42,244
<b>Total Funding Costs</b>	<b>\$53,515.00</b>	<b>\$67,336</b>	<b>\$48,484</b>	<b>\$48,462</b>
Current Level Services	53,515.00	67,336	48,484	48,462
<b>Total Service Costs</b>	<b>\$53,515.00</b>	<b>\$67,336</b>	<b>\$48,484</b>	<b>\$48,462</b>

#### Program Description

Under MCA 22-1-103(7), this program provides staff and services for library service to Montana residents who are in state care in correctional, psychiatric or other institutions. It provides a staff member and library at Montana State Hospital, Warm Springs. It provides money to purchase materials and for contracts with local public libraries to serve the Veterans' Home, Columbia Falls; Center for the Aged, Lewistown; Eastmont Human Services Center, Glendive; Pine Hills School, Miles City; and Swan River Youth Forest Camp, Swan Lake. Institutions close to Helena are served directly by the State Library. It also provides money for materials for the State Prison, Deer Lodge.

#### Budget Issues

There are 1.25 FTE recommended for the Institutional Library Service Program. One of these positions is responsible for the institutional library at the Montana State Hospital. The .25 FTE is one-quarter of a supervisory position.

The equipment request is for supplies and material for the libraries at the various state agencies of the Department of Institutions.

The decline in general fund is due to a reduction in FTE requested for this program.

#### LIB SER FOR PHYS HANDI PGM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	4.88	5.00	4.75	4.75
Personal Services	102,790.73	97,939	100,636	100,668
Operating Expenses	36,865.87	39,311	35,664	36,663
Equipment	0.00	0	18,527	0
<b>Total Program Costs</b>	<b>\$139,656.60</b>	<b>\$137,250</b>	<b>\$154,827</b>	<b>\$137,331</b>
General Fund	54,545.07	54,041	51,095	33,566
Federal & Other Spec Rev Fund	85,111.53	83,209	103,732	103,765
<b>Total Funding Costs</b>	<b>\$139,656.60</b>	<b>\$137,250</b>	<b>\$154,827</b>	<b>\$137,331</b>
Current Level Services	139,656.60	137,250	154,827	137,331
<b>Total Service Costs</b>	<b>\$139,656.60</b>	<b>\$137,250</b>	<b>\$154,827</b>	<b>\$137,331</b>

#### Program Description

Under MCA 22-1-103(6), this program provides staff, services and materials for direct library service to all people in Montana who are unable to use conventional print. It administers the Talking Book Program from the Library of Congress, with both books and talking book machines.

Coordination of volunteers who work with the blind or physically handicapped is part of this program.

#### Budget Issues

There are 4.75 FTE budgeted for the Library Services For Physically Handicapped Program. A 4% vacancy savings factor is applied.

The operational level recommended is basically equivalent to current level operations.

There is \$18,527 recommended for a high speed cassette duplicator which Library managers consider essential to this program. This item is recommended for replacement in FY88 because of high usage of the present equipment.

ADMINISTRATION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	4.00	4.00	4.00	4.00
Personal Services	104,221.12	101,249	110,686	110,571
Operating Expenses	42,441.02	31,696	44,551	31,108
Equipment	202.40	930	0	0
<b>Total Program Costs</b>	<b>\$146,864.54</b>	<b>\$133,875</b>	<b>\$155,237</b>	<b>\$141,679</b>
General Fund	109,018.49	99,158	133,476	119,918
Federal & Other Spec Rev Fund	37,846.05	34,717	21,761	21,761
<b>Total Funding Costs</b>	<b>\$146,864.54</b>	<b>\$133,875</b>	<b>\$155,237</b>	<b>\$141,679</b>
Current Level Services	146,864.54	133,875	155,237	141,679
<b>Total Service Costs</b>	<b>\$146,864.54</b>	<b>\$133,875</b>	<b>\$155,237</b>	<b>\$141,679</b>

#### Program Description

Under MCA 22-1-103, this program administers the State Library and administers all state and federal funds appropriated for public libraries and library services. It provides support services for the Montana State Library Commission and the Montana Library Services Advisory Council.

transfer of an accountant position into this program replacing a position of a lower grade. A 4% vacancy savings factor was applied.

There was \$1,300 in operational base adjustments to cover unfunded pay increases and budget percentage reductions. The increase in operational costs in FY88 is primarily in biennial audit fees.

#### Budget Issues

The Administration Program is budgeted for 4.00 FTE. The increase in personal service costs results from the program

TECHNICAL SERVICES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	5.25	5.00	5.50	5.50
Personal Services	96,950.07	101,005	111,269	111,275
Operating Expenses	34,279.98	35,644	33,684	33,681
Equipment	9,029.95	0	0	0
<b>Total Program Costs</b>	<b>\$140,260.00</b>	<b>\$136,649</b>	<b>\$144,953</b>	<b>\$144,956</b>
General Fund	61,740.33	62,125	65,420	62,911
State Special Revenue Fund	43,034.69	40,839	36,604	39,123
Federal & Other Spec Rev Fund	35,484.98	33,685	42,929	42,922
<b>Total Funding Costs</b>	<b>\$140,260.00</b>	<b>\$136,649</b>	<b>\$144,953</b>	<b>\$144,956</b>
Current Level Services	140,260.00	136,649	144,953	144,956
<b>Total Service Costs</b>	<b>\$140,260.00</b>	<b>\$136,649</b>	<b>\$144,953</b>	<b>\$144,956</b>

#### Program Description

Under MCA 22-1-103(4) and 22-1-211 through 22-1-214, this program provides services related to the State Library materials collections and the state documents depository center. It is responsible for the purchase, cataloging and preparation of books, periodicals and other materials. It contains a federal documents depository program and is the

program within which the state documents depository center is operated.

#### Budget Issues

There are 5.50 FTE budgeted for the Technical Services Program.

A 4% vacancy savings factor has been applied. The operational budget request does not deviate significantly from the current level and no equipment was requested.

# NATURAL RESOURCES/HERITAGE Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	1.10	.00	2.00	2.00
Personal Services	25,822.75	0	51,450	51,375
Operating Expenses	123,119.62	0	83,367	77,101
Equipment	11,942.54	0	0	0
<b>Total Program Costs</b>	<b>\$160,884.91</b>	<b>\$0</b>	<b>\$134,817</b>	<b>\$128,476</b>
State Special Revenue Fund	97,776.52	0	128,317	105,839
Federal & Other Spec Rev Fund	63,108.39	0	6,500	22,637
<b>Total Funding Costs</b>	<b>\$160,884.91</b>	<b>\$0</b>	<b>\$134,817</b>	<b>\$128,476</b>
Current Level Services	160,884.91	0	123,317	128,476
Modified Level Services	0.00	0	11,500	0
<b>Total Service Costs</b>	<b>\$160,884.91</b>	<b>\$0</b>	<b>\$134,817</b>	<b>\$128,476</b>

## Program Description

Under MCA 90-15-101, this program provides the Natural Resource Information System to streamline the management of the state's natural resource data and provide a standard system for the acquisition, storage and retrieval of data statewide. It inventories existing data, provides access to data, and assists other state agencies in managing data. The program is also responsible for administering the Montana Natural Heritage Program, a data base on special plants, animals, communities and geological features.

## Budget Issues

There are 2.00 FTE recommended in FY88 and FY89. This is the same level as authorized in the 1987 biennium. The FY86 actual shows less FTE because during the program

start up time less FTE costs were expended. A 4% vacancy savings factor was applied to the Natural Resources/Heritage Program. The FY87 budgeted is not shown because the funding is based upon continuing biennial appropriations.

A decrease in the contracts with non-profit organizations accounts for the decline in operational costs. This decline is also reflected in the decline of Heritage Private Funds.

## Modification Request

This request for federal and private funds appropriation authority in FY88 is for an inventory of riparian habitats as part of the Montana Rivers Study for the management of a data base on Bald Eagles, and for inventories of special resources to be conducted by the Heritage Program.

FY88 \$11,500

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	41,575.52	60,368	58,463	57,868
Operating Expenses	42,380.95	56,970	55,144	55,795
<b>Total Agency Costs</b>	<b>\$83,956.47</b>	<b>\$117,338</b>	<b>\$113,607</b>	<b>\$113,663</b>
Federal & Other Spec Rev Fund	83,956.47	117,338	113,607	113,663
<b>Total Funding Costs</b>	<b>\$83,956.47</b>	<b>\$117,338</b>	<b>\$113,607</b>	<b>\$113,663</b>
Current Level Services	83,956.47	117,338	113,607	113,663
<b>Total Service Costs</b>	<b>\$83,956.47</b>	<b>\$117,338</b>	<b>\$113,607</b>	<b>\$113,663</b>

#### Agency Description

The Montana Advisory Council on Vocational Education was created in 1985 by Executive Order No. 3-85 to comply with the Carl D. Perkins Vocational Education Act of 1984 (P.L.98-524). The role of the thirteen (13) member council lies in assessing and monitoring the coordination of programs provided by the Vocational Education Act, the Job Training Partnership Act, and the private sector as they fulfill mandated responsibilities. Additional responsibilities include advising and working with the superintendent of Public Instruction on the development of a State Plan, technical committees, evaluation criteria, adult training and retraining programs, and industry-education partnership.

The council meets several times each year to conduct evaluations of vocational education programs, review articulation among various education and training programs, and participate in state planning for vocational education. The

administrative staff conducts research, prepares research and annual reports, plans council meetings and travel, manages council fiscal activity, maintains all council records, supervises the accomplishment of council goals, and represents the council when directed to by council members.

#### Budget Issues

The recommended budget for the Council for Vocational Education increases substantially from the FY86 level. Fiscal 1986 is not a representative year by which to measure expenditures because the director's position was vacant a large portion of the year. Because the staff is only 2.0 FTE when fully staffed, it is reasonable to assume that the council's activities were curtailed in the base budget year. The council has requested increases in almost every category and these are reflected in the recommended budget. This budget is funded entirely from Federal funds.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	55.50	51.00	47.38	47.38
Personal Services	1,202,851.76	1,154,544	1,155,997	1,156,071
Operating Expenses	653,602.91	708,357	844,769	838,896
Equipment	509,101.71	22,308	23,930	17,597
Grants	255,388.61	610,000	610,000	610,000
Transfers	41,320.00	0	41,320	41,320
Debt Service	60,666.66	0	0	0
<b>Total Agency Costs</b>	<b>\$2,722,931.65</b>	<b>\$2,495,209</b>	<b>\$2,676,016</b>	<b>\$2,663,884</b>
General Fund	1,204,072.79	1,072,839	1,120,370	1,114,206
State Special Revenue Fund	188,366.97	0	0	0
Federal & Other Spec Rev Fund	900,338.95	1,060,461	1,089,073	1,042,448
Proprietary Fund	430,152.94	361,909	466,573	507,230
<b>Total Funding Costs</b>	<b>\$2,722,931.65</b>	<b>\$2,495,209</b>	<b>\$2,676,016</b>	<b>\$2,663,884</b>
Current Level Services	2,691,849.34	2,495,209	2,558,356	2,525,384
Modified Level Services	31,082.31	0	117,660	138,500
<b>Total Service Costs</b>	<b>\$2,722,931.65</b>	<b>\$2,495,209</b>	<b>\$2,676,016</b>	<b>\$2,663,884</b>

**Agency Description**

The Montana Historical Society exists for the use, learning, culture, and enjoyment of the citizens of the state and for

the collection, preservation and interpretation of Montana's material culture, e.g., artifacts, documents and records. The Montana Historical Society was established in 1865 (section 22-3-101, MCA).

ADMINISTRATION PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	12.50	12.50	11.88	11.88
Personal Services	280,274.13	276,908	281,542	281,592
Operating Expenses	122,398.80	172,383	212,970	205,269
Equipment	486,176.46	0	783	0
Debt Service	60,666.66	0	0	0
<b>Total Program Costs</b>	<b>\$949,516.05</b>	<b>\$449,291</b>	<b>\$495,295</b>	<b>\$486,861</b>
General Fund	508,432.49	377,232	432,927	424,377
State Special Revenue Fund	150,000.00	0	0	0
Federal & Other Spec Rev Fund	291,083.56	72,059	62,368	62,484
<b>Total Funding Costs</b>	<b>\$949,516.05</b>	<b>\$449,291</b>	<b>\$495,295</b>	<b>\$486,861</b>
Current Level Services	949,516.05	449,291	495,295	486,861
<b>Total Service Costs</b>	<b>\$949,516.05</b>	<b>\$449,291</b>	<b>\$495,295</b>	<b>\$486,861</b>

**Program Description**

The Administration Program provides supervision, administration, and coordination of the eight programs in the Historical Society. Program staff are responsible for the effective management, planning, direction and leadership of the society as a whole. Activities include public relations, payroll/personnel, fund raising, financial reporting, business management, security and building management.

**Budget Issues**

The Administration Program has been reduced by .62 FTE. Savings include \$10,969 in general fund for a .50 stock clerk supervisor and \$2,558 in federal and private funds for a .12 publicity specialist position.

Personal service costs increase slightly in FY88 and FY89 because of additional employee benefits and insurance costs.

A 4% vacancy savings factor is recommended for this program.

The increase in operational costs of \$90,000 in FY88 and \$83,000 in FY89 is due mainly to additional rent for the new section of the building. Rent amounts to \$71,000 in FY88 and \$77,000 in FY89. Insurance, audit increases in contracted services and groundskeeping costs in repair and maintenance account for the remaining operational increase over current level.

FY88 recommended equipment is for an office typewriter.

The funding reductions in general fund, cultural and aesthetic projects, and donations are due to the one time purchase of a C.M. Russell collection. This purchase cost \$482,000.

LIBRARY PROGRAM  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	7.00	5.00	5.00	5.00
Personal Services	155,682.28	116,496	128,014	128,371
Operating Expenses	40,000.53	43,261	32,354	31,954
Equipment	12,763.66	20,917	22,147	15,847
<b>Total Program Costs</b>	<b>\$208,446.47</b>	<b>\$180,674</b>	<b>\$182,515</b>	<b>\$176,172</b>
General Fund	150,649.54	147,041	156,441	160,098
Federal & Other Spec Rev Fund	57,796.93	33,633	26,074	16,074
<b>Total Funding Costs</b>	<b>\$208,446.47</b>	<b>\$180,674</b>	<b>\$182,515</b>	<b>\$176,172</b>
Current Level Services	208,446.47	180,674	172,515	176,172
Modified Level Services	0.00	0	10,000	0
<b>Total Service Costs</b>	<b>\$208,446.47</b>	<b>\$180,674</b>	<b>\$182,515</b>	<b>\$176,172</b>

**Program Description**

The Library Program's purpose is to acquire, organize, preserve and make accessible to the public published materials illustrative of the history of Montana, the surrounding region, and the Trans-Mississippi West and to assist researchers seeking information in these areas. The program is provided for in section 22-3-103, MCA.

**Budget Issues**

In FY86 the Library had 2.00 FTE funded from the National Endowment for Humanities. These modified positions were responsible for the newspaper cataloging project. The project is completed and the FTE level drops back to 5.00 in FY87, FY88 and FY89.

A 4% vacancy savings factor has been applied to the library program.

Operational expenses are reduced by \$8,000 from current level because of decreases in microfilming costs and the one time newspaper cataloging project.

Equipment purchases are recommended for books and office equipment.

Federal grant funding terminated when the newspaper cataloging project was completed.

**Modification Request**

Microcomputer upgrade - \$10,000 FY88

This requested modification is for \$10,000 of spending authority in FY88 for upgrading the present microcomputer system which serves the library, archives, photo archives and the museum. Funds will come from donated revenue produced by the Merchandising Program's sale of MacKay C.M. Russell prints.

MUSEUM PROGRAM  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	9.50	9.50	8.50	8.50
Personal Services	164,737.74	213,037	200,807	200,734
Operating Expenses	95,282.48	113,910	169,691	135,588
Equipment	5,588.46	0	0	1,550
<b>Total Program Costs</b>	<b>\$265,608.68</b>	<b>\$326,947</b>	<b>\$370,498</b>	<b>\$337,872</b>
General Fund	211,846.40	216,633	205,056	206,568
Federal & Other Spec Rev Fund	53,762.28	110,314	165,442	131,304
<b>Total Funding Costs</b>	<b>\$265,608.68</b>	<b>\$326,947</b>	<b>\$370,498</b>	<b>\$337,872</b>
Current Level Services	265,608.68	326,947	323,338	294,872
Modified Level Services	0.00	0	47,160	43,000
<b>Total Service Costs</b>	<b>\$265,608.68</b>	<b>\$326,947</b>	<b>\$370,498</b>	<b>\$337,872</b>

**Program Description**

The Museum Program was established to collect, preserve, and interpret the history of Montana through its material culture. The museum collects fine arts and historical, archeological, and ethnological artifacts from Montana and the general geographic region. The program interprets its collections through exhibits and educational programs.

**Budget Issues**

A curator position was deleted from current level to meet unfunded pay plan increases and percentage reductions. This reduction of 1.00 FTE saves \$24,455 in FY88 and \$24,408 in FY89.

A 4% vacancy savings was applied to this program.

Operational expenses increase by \$27,000 in FY88 primarily in consulting and professional services. Professional services are needed for art conservation work, Centennial historian expertise, and audio visual consultant services for the new Montana history exhibition.

Federal grants for the conservation of the original governor's mansion have ended with the completion of the project.

**Modification Requests**

Artifact Conservation - \$4,160 FY88

These are federal and private funds to complete conservation work for the new Montana history exhibit.

Public Photo - \$3,000 FY88 \$3,000 FY89

These are private donation funds to be used to provide photos to the public on a cost recovery basis.

Museum Exhibit Renovation - \$40,000 FY88 \$40,000 FY89  
These are donated funds to be used to complete museum exhibit renovations.

MAGAZINE PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	6.00	6.00	6.00	6.00
Personal Services	135,932.69	135,974	133,801	133,529
Operating Expenses	292,033.20	265,893	332,990	373,728
Equipment	2,187.05	0	0	0
Transfers	41,320.00	0	41,320	41,320
<b>Total Program Costs</b>	<b>\$471,472.94</b>	<b>\$401,867</b>	<b>\$508,111</b>	<b>\$548,577</b>
General Fund	41,320.00	39,958	41,538	41,347
Proprietary Fund	430,152.94	361,909	466,573	507,230
<b>Total Funding Costs</b>	<b>\$471,472.94</b>	<b>\$401,867</b>	<b>\$508,111</b>	<b>\$548,577</b>
Current Level Services	440,390.63	401,867	458,111	463,577
Modified Level Services	31,082.31	0	50,000	85,000
<b>Total Service Costs</b>	<b>\$471,472.94</b>	<b>\$401,867</b>	<b>\$508,111</b>	<b>\$548,577</b>

#### Program Description

The Publications Program exists to fulfill one of the primary roles of the Society - "to promote the study of Montana History by lectures and publications" (section 22-3-108(15), MCA). The program publishes Montana the Magazine of Western History and the Montana Post, the official newsletter of the Society, on a quarterly schedule. It also publishes books under the Montana Historical Society Press imprint. The program is also responsible for the operation of the retail and mail order museum store operation.

#### Budget Issues

A 4% vacancy savings factor was applied to the Magazine Program.

The agency's best projection of goods purchased for resale for the magazine enterprise operation is \$23,000 less than current level. This reduction is also reflected in the enterprise funding. If tourism and traffic through the store is higher than expected the agency will seek an increase in its authority by the budget amendment process. There was a budget amendment in FY86 for this purpose.

#### Modification Requests

Magazine Promotion - FY88 \$5,000 FY89 \$5,000  
This modification will promote awareness of the Western History magazine. This request, which includes printing costs, is funded by proprietary funds from the sale of magazines.

Centennial Increase - FY88 \$30,000 FY89 \$40,000  
This authority is for increased tourism sales anticipated during the centennial. Proprietary money from the sale of goods will fund this request.

Centennial Press Expansion - FY88 \$15,000 FY89 \$40,000  
This modification will be funded by revolving funds generated from the sale of publications. The purpose of the request is to serve schools and the general public due to interest generated by the centennial celebration. The Historical Society intends to publish such items as a centennial anthology of Montana authors, a series of articles on various periods leading to the centennial, a series of publications for Montana schools for social studies, an atlas of Montana geology and history, and other publications.

PHOTOGRAPH ARCHIVES PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	3.50	3.50	3.50	3.50
Personal Services	81,912.67	85,554	87,583	87,623
Operating Expenses	10,032.07	10,902	12,325	11,625
Equipment	1,184.57	0	1,000	200
<b>Total Program Costs</b>	<b>\$93,129.31</b>	<b>\$96,456</b>	<b>\$100,908</b>	<b>\$99,448</b>
General Fund	80,984.98	78,482	83,992	83,132
Federal & Other Spec Rev Fund	12,144.33	17,974	16,916	16,316
<b>Total Funding Costs</b>	<b>\$93,129.31</b>	<b>\$96,456</b>	<b>\$100,908</b>	<b>\$99,448</b>
Current Level Services	93,129.31	96,456	100,908	99,448
<b>Total Service Costs</b>	<b>\$93,129.31</b>	<b>\$96,456</b>	<b>\$100,908</b>	<b>\$99,448</b>

#### Program Description

The Photograph Archives Program exists to collect, organize, preserve and make accessible to the public photographic

images and other iconographic material pertinent to the study of Montana history, and to provide support for

exhibitions and publications of the Society and others using such images.

#### Budget Issues

The Photograph Archives Program was established in FY87. This program is the photograph archives function previously contained in the Archives Program. There were 3.50 FTE moved out of Archives and placed in this new program. The FY86 expenditures shown are the actual expenditures for this function for that portion of the Archives Program that was transferred into the new Photo Archives Program. The

FY87 budgeted column was also derived from the Archives program and transferred to the new Photograph Archives Program.

This program is recommended at 3.50 FTE for FY88 and FY89. A 4% vacancy savings factor has been applied to these personal services.

The operational expenses shown for this program are that portion of the Archives budget that has been transferred.

Photographic equipment is recommended for this new program.

#### HIST SITES PRESERVATION PROG Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	7.00	7.00	6.50	6.50
Personal Services	169,536.88	165,176	168,004	167,802
Operating Expenses	49,565.74	57,817	47,033	43,326
Equipment	914.91	0	0	0
Grants	255,388.61	610,000	610,000	610,000
<b>Total Program Costs</b>	<b>\$475,406.14</b>	<b>\$832,993</b>	<b>\$825,037</b>	<b>\$821,128</b>
General Fund	74,646.78	72,340	61,467	59,498
Federal & Other Spec Rev Fund	400,759.36	760,653	763,570	761,630
<b>Total Funding Costs</b>	<b>\$475,406.14</b>	<b>\$832,993</b>	<b>\$825,037</b>	<b>\$821,128</b>
Current Level Services	475,406.14	832,993	825,037	821,128
<b>Total Service Costs</b>	<b>\$475,406.14</b>	<b>\$832,993</b>	<b>\$825,037</b>	<b>\$821,128</b>

#### Program Description

The staff of the Historical Sites Preservation Program administer the federal Historic Preservation Act and the federal grants-in aid for historic preservation. They also review all federally proposed projects within the state to determine their effect on historical properties listed in the National Register of Historic Places and those eligible for listing. The office certifies historic structures and rehabilitation projects for the federal tax credit offered in the Tax Reform Act of 1976 and oversees Montana's State Antiquities Act. The program is authorized by section 22-3-421, MCA.

A 4% vacancy savings factor has been applied to this program.

Operational expenses were reduced by \$3,458 in travel to help cover unfunded pay increases and percentage reductions. Travel expenditures were less in FY86 because a position was vacant most of the year.

A one time federal grant for refinishing highway historical signs will not continue in FY88 and FY89 because this project will be completed by the end of FY87.

#### Budget Issues

A .50 FTE was reduced to cover unfunded pay increases and percentage reductions. This is the general fund portion of a historic preservation officer position.

Federal funds for historic preservation have been significantly increased over the current level. These are survey and planning grants to local governments for historic preservation projects.

#### ARCHIVES PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	7.50	5.00	5.00	5.00
Personal Services	169,465.26	119,273	123,918	124,155
Operating Expenses	23,619.49	6,100	17,531	17,531
Equipment	286.60	1,391	0	0
<b>Total Program Costs</b>	<b>\$193,371.35</b>	<b>\$126,764</b>	<b>\$141,449</b>	<b>\$141,686</b>
General Fund	118,404.29	126,764	138,949	139,186
State Special Revenue Fund	38,366.97	0	0	0
Federal & Other Spec Rev Fund	36,600.09	0	2,500	2,500
<b>Total Funding Costs</b>	<b>\$193,371.35</b>	<b>\$126,764</b>	<b>\$141,449</b>	<b>\$141,686</b>
Current Level Services	193,371.35	126,764	130,949	131,186
Modified Level Services	0.00	0	10,500	10,500
<b>Total Service Costs</b>	<b>\$193,371.35</b>	<b>\$126,764</b>	<b>\$141,449</b>	<b>\$141,686</b>

#### Program Description

The Archives Program was created as a separate program of the society on July 1, 1977. Its major functions are to ac-

quire, preserve, and assure public access to historically valuable private manuscripts and state records. Authority for its activities is provided for in section 22-3-202, MCA.



**Budget Issues**

The Archives Program was budgeted for 8.50 FTE in FY86 and FY87. 3.50 FTE were transferred to the new Photograph Archives Program established during FY86. Thus, FY88 and FY89 reflect a request of 5.00 FTE. The FY86 actual FTE of 7.50 includes a 1.50 FTE statutorily funded through coal tax money for cultural and aesthetic projects, and 1.00 FTE which was approved for the Holter collection project and funded by private donations.

A 4% vacancy savings has been applied to the Archives Program.

The reduction in operations reflects the transfer of operational costs to the new Photograph Archives Program.

The Cultural and Aesthetic Project is statutorily established and is not reflected in FY87, FY88 or FY89. Priority for these coal tax funds is established by the Legislature. The Historical Society applies for these funds through the Arts

Council. These funds will be used to complete an ongoing oral history project.

Donations funding is not shown in FY87, FY88 or FY89 because they were used for the recently completed Holter collection.

Federal grants for a project dealing with local government records has now been completed and are not shown in the requested budget.

**Modification Request**

Advisory Council Travel - FY88 \$2,500 FY89 \$2,500

This request is to use federal grant funds for the Montana Historical Records Advisory Committee to attend three required meetings each year. There are twelve members on this committee.

Microfilming - FY88 \$8,000 FY89 \$8,000

This is a general fund request for the microfilming of selected state records of heavily used documents of permanent value and historical significance.

**EDUCATION PROGRAM  
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	2.50	2.50	1.00	1.00
Personal Services	45,310.11	42,126	32,328	32,265
Operating Expenses	20,670.60	38,091	19,875	19,875
<b>Total Program Costs</b>	<b>\$65,980.71</b>	<b>\$80,217</b>	<b>\$52,203</b>	<b>\$52,140</b>
General Fund	17,788.31	14,389	0	0
Federal & Other Spec Rev Fund	48,192.40	65,828	52,203	52,140
<b>Total Funding Costs</b>	<b>\$65,980.71</b>	<b>\$80,217</b>	<b>\$52,203</b>	<b>\$52,140</b>
Current Level Services	65,980.71	80,217	52,203	52,140
<b>Total Service Costs</b>	<b>\$65,980.71</b>	<b>\$80,217</b>	<b>\$52,203</b>	<b>\$52,140</b>

**Program Description**

The Education Program staff provide the interested public with access to Historical Society resources through thematic presentations using reproductions or facsimiles of its collections. The program's activities include interpretation of exhibits within the building or on historical sites, coordination of volunteer programs, provision of professional assistance to other cultural organizations in Montana, development and implementation of school programs, sponsorship of lectures and traveling exhibits, and coordination of the capital tours program.

**Budget Issues**

The Capitol Tours Program has been recommended for deletion to cover unfunded pay plan increases, percentage reductions and to stay within expenditure levels established by the legislature.

This accounts for the reduction of 1.50 FTE from the current level of 2.5 FTE. The remaining 1.00 FTE is the education program manager who has statewide responsibilities.

A 4% vacancy savings factor is applied to this program.

The general fund was eliminated in this program because it was used to fund the capitol tour positions.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	5,600.00	4,046	11,200	11,200
Operating Expenses	16,985.50	18,246	166,286	16,341
<b>Total Agency Costs</b>	<b>\$22,585.50</b>	<b>\$22,292</b>	<b>\$177,486</b>	<b>\$27,541</b>
General Fund	22,585.50	22,292	177,486	27,541
<b>Total Funding Costs</b>	<b>\$22,585.50</b>	<b>\$22,292</b>	<b>\$177,486</b>	<b>\$27,541</b>
Current Level Services	22,585.50	22,292	27,486	27,541
Modified Level Services	0.00	0	150,000	0
<b>Total Service Costs</b>	<b>\$22,585.50</b>	<b>\$22,292</b>	<b>\$177,486</b>	<b>\$27,541</b>

### Agency Description

The Montana Constitution gives the Board of Regents the authority to supervise, coordinate, manage, and control the Montana University System (Article X, Section 9). The Regents also supervise and coordinate the three community colleges (Flathead Valley, Miles City, and Dawson). To carry out these duties, the regents review existing programs, explore new program needs, establish new programs, and relocate or terminate programs. The regents also evaluate university presidents, make system-wide budget recommendations to the Executive and Legislature, supervise federal higher education programs, and operate a guaranteed student loan program.

### Policy Issues

In October of 1986, the Commissioner of Higher Education submitted an issues report to the Board of Regents. The report was prepared by university system staff in response to the Board's request for a working document that would assist them in determining the future of the Montana university system in a way that would adjust to the difficult economic conditions in the state without impairing the academic integrity of the system. In November, the Board conducted public hearings on those recommendations for programmatic and structural changes that it considered feasible to explore further. The Board will make no final recommendations until after their meeting in December, 1986. Therefore, the budgets for the university system reflect structure and assumptions of the existing configuration.

The amount of the cut to be taken out of the base for the Regents' administration program is \$704. This amount was removed from the operating base. Per diem allowance increases by 100% because the base was incorrectly appropriated using \$25 per day instead of the statutorily correct \$50 per day.

### Modification Request

In his 1985 State of the State message, Governor Schwinden encouraged the Montana University System to involve the private sector in an "accountability" examination of programs and operations "...to determine how best to put Montanans' money to work for higher education."

The university system indicated that it did not have the resources available to finance such an undertaking.

This modification provides a biennial appropriation of \$150,000 of general fund to support the creation of a Management Council of private sector task force members. The Council will recommend methods and procedures for providing university system services in a more cost effective and efficient manner while maintaining the quality of delivery systems. Its focus will be on managerial accountability and administrative control, identifying specific areas where further, in-depth reviews appear to be justified. The Council will suggest managerial, operational and organizational improvements for consideration by the Board of Regents, the Governor and the Legislature.

Biennial appropriation = FY88 = \$150,000

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	6.00	6.00	5.00	5.00
Personal Services	183,293.34	170,019	156,349	156,116
Operating Expenses	53,215.00	53,758	58,198	56,846
Equipment	5,553.03	4,000	0	500
<b>Total Agency Costs</b>	<b>\$242,061.37</b>	<b>\$227,777</b>	<b>\$214,547</b>	<b>\$213,462</b>
General Fund	227,941.06	213,777	200,547	199,462
Federal & Other Spec Rev Fund	12,500.00	2,000	2,000	2,000
Proprietary Fund	1,620.31	12,000	12,000	12,000
<b>Total Funding Costs</b>	<b>\$242,061.37</b>	<b>\$227,777</b>	<b>\$214,547</b>	<b>\$213,462</b>
Current Level Services	242,061.37	227,777	214,547	213,462
<b>Total Service Costs</b>	<b>\$242,061.37</b>	<b>\$227,777</b>	<b>\$214,547</b>	<b>\$213,462</b>

### Agency Description

As authorized in section 20-31-102, MCA, the Fire Services Training School exists to organize, supervise, and coordinate training and education for fire service personnel in the state in accordance with local needs and the standards established by the State Board of Public Education, and develop and deliver public fire safety education programs in the state. The board provides general supervision of the school, which is located in Great Falls at the Vocational-Technical Center.

The Fire Services Training School administers and maintains a resource center for use by localities; provides regional, local, and state-wide training programs for fire services personnel; develops courses and training materials; maintains a network of unsalaried field instructors and offers a fire service professional certification program.

### Budget Issues

This budget reflects a proposed change in operations to allow the agency to continue to provide services within a

reduced level of funding. The budget funding reflects the decision made in the June 1986 Special Session to charge for services, and the recommended budget assumes that the school will continue to derive \$12,000 of its revenue through charges for services. To absorb the loss of pay plan funds and the reductions to the base, the Fire Services Training School has opted to reduce 1.0 FTE. However, with 1 less staff, it is anticipated that the remaining training personnel will spend more time on the road travelling. The travel budget for in-state travel has been increased \$1,860 per year to account for this change. In addition, there will be an increased load upon the clerical staff, as there will be one less staff to help with the administrative duties. Contract services has been increased by \$5,000 per year to allow contracting for temporary clerical assistance. Even with the additions noted above, the general fund is less than the FY86 level by approximately \$27,000 per year.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	553.18	493.71	495.76	496.51
Personal Services	13,934,746.39	12,839,989	13,496,633	13,516,887
Operating Expenses	9,382,590.30	8,397,143	8,943,897	8,904,206
Equipment	905,673.20	1,011,067	1,346,591	1,295,883
Capital Outlay	2,539,349.31	28,000	12,500	0
Grants	517,339.39	3,015,729	573,870	573,870
Transfers	1,829,034.19	543,644	2,180,000	2,230,000
<b>Total Agency Costs</b>	<b>\$29,108,732.78</b>	<b>\$25,835,572</b>	<b>\$26,553,491</b>	<b>\$26,520,846</b>
General Fund	405,052.81	0	0	0
State Special Revenue Fund	18,793,694.31	16,773,038	17,327,180	17,234,499
Federal & Other Spec Rev Fund	8,189,848.79	6,869,024	7,039,672	6,933,199
Proprietary Fund	1,720,136.87	2,193,510	2,186,639	2,353,148
<b>Total Funding Costs</b>	<b>\$29,108,732.78</b>	<b>\$25,835,572</b>	<b>\$26,553,491</b>	<b>\$26,520,846</b>
Current Level Services	27,075,996.64	25,835,572	25,521,481	25,414,386
Modified Level Services	2,032,736.14	0	1,032,010	1,106,460
<b>Total Service Costs</b>	<b>\$29,108,732.78</b>	<b>\$25,835,572</b>	<b>\$26,553,491</b>	<b>\$26,520,846</b>

**Agency Description**

The purpose of the Department of Fish, Wildlife and Parks is to preserve, protect, enhance, maintain and make available to present and future generations all forms of Montana's wildlife, their habitat and the natural and cultural resources of aesthetic, scenic, historic, scientific and archaeological significance. The department's statewide responsibility in service to wildlife and habitat preservation reaches back over 83 years to the establishment in 1901 of a state

game warden and early departmental structure. Since 1965, the department has also been responsible for the administration of the State Parks System in Montana. The Nongame and Endangered Species Conservation Act charges the department with the management of nongame wildlife for human enjoyment, for scientific purposes, and to ensure their perpetuation as members of ecosystems. The department is provided for in section 2-15-3401, MCA, and is regulated by Title 87, MCA.

CENTRALIZED SERVICES DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	47.52	45.52	47.83	47.83
Personal Services	973,411.89	1,035,843	1,109,777	1,109,154
Operating Expenses	2,250,861.35	2,052,682	2,229,347	2,236,682
Equipment	4,899.78	573,295	610,953	783,789
Grants	0.00	40,000	0	0
Transfers	0.00	136,000	25,000	25,000
<b>Total Program Costs</b>	<b>\$3,229,173.02</b>	<b>\$3,837,820</b>	<b>\$3,975,077</b>	<b>\$4,154,625</b>
State Special Revenue Fund	1,473,849.96	1,608,224	1,840,363	1,853,940
Federal & Other Spec Rev Fund	209,620.83	291,597	218,235	209,821
Proprietary Fund	1,545,702.23	1,937,999	1,916,479	2,090,864
<b>Total Funding Costs</b>	<b>\$3,229,173.02</b>	<b>\$3,837,820</b>	<b>\$3,975,077</b>	<b>\$4,154,625</b>
Current Level Services	3,229,169.22	3,837,820	3,631,134	3,768,442
Modified Level Services	3.80	0	343,943	386,183
<b>Total Service Costs</b>	<b>\$3,229,173.02</b>	<b>\$3,837,820</b>	<b>\$3,975,077</b>	<b>\$4,154,625</b>

**Program Description**

The Centralized Services Division is an administrative and support unit for the department.

The Accounting and Finance Bureau provides for the functions of budgeting; property accounting; deposit of funds; payment of vendor invoices and purchasing; payroll; and monitors the finances of the department's vehicle fleet, print shop and warehouse operations.

The License Bureau conducts the drawings for licenses and permits for moose, sheep, goat, antelope, elk and deer, and

administers the sale of hunting and fishing licenses through license dealers.

Other duties in the division include federal aid and word processing.

**Budget Issues**

Changes in FTE between FY86 and FY87 were authorized through program transfers and Legislative Contract Authority (LCA).

The unfunded pay plan was met in the Centralized Services Program by reducing one FTE by .69 percent and by reducing the operations portion of the budget by \$19,093 in FY88 and \$18,781 in FY89.

47.83 FTE are requested for each year of the biennium. A four percent vacancy savings is applied.

General liability insurance, Helena headquarters property insurance and bonding are all covered in the Centralized Services budget. The agency adjusted the Central Services base budget to include the general liability insurance for all divisions. As such, the \$32,429 charged to other divisions in FY86 is not carried forward in those budgets for FY 88 and 89 but is reflected in Centralized services.

Audit fees increase \$26,933 from FY86.

The Agency drove its vehicles 4.1 million miles in FY86. It anticipates that it will need to replace 50 vehicles in FY88 at a cost of \$525,628 and 54 vehicles in FY89. Vehicles are purchased from the proprietary fund.

A 1,200 hour engine overhaul is requested for one helicopter and a 1,400 hour engine replacement is requested for a Partinavia twin engine airplane. The FY89 cost would be \$99,000. The request would be funded with proprietary funds.

Federal agencies and private groups contract with the department to study and monitor fish and wildlife. If contracts of this nature materialize in the new biennium, the department requests the authority to use \$25,000 in over-

head fees collected from these projects to cover administrative costs.

#### Modification Requests

**Vehicle Fund Transfer** - The agency requests an annual cash transfer from the License Account to the Equipment Revolving Account. This transfer will provide adequate cash to cover vehicle operating costs and equipment purchases. This request would provide cash in the account equal to the increased cost of those vehicles replaced each year.

FY88 = \$118,327

FY89 = \$150,660

**Internal Service Funds** - The department uses an internal service fund to account for its vehicle operations. A rate per mile is charged to user divisions. This results in a double budget situation: one budget in the internal service fund; another in the user division. Travel budgets associated with new or expanded proposed programs total approximately \$186,742 in FY88 and \$194,101 in FY89. A like amount is being requested in the internal service fund. The funding source is the equipment enterprise fund.

FY88 = \$187,554

FY89 = \$197,811

**Early License Drawing** - The department proposes to conduct an early drawing for moose, sheep, and goats in addition to the regular elk, deer, and antelope drawing in August. One FTE clerk is requested. The funding source would be the general license account.

FY88 = \$38,062

FY89 = \$37,712

FIELD SERVICES DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	33.96	31.00	31.90	32.40
Personal Services	875,531.21	825,252	913,459	920,081
Operating Expenses	486,595.61	455,300	536,190	556,379
Equipment	41,661.79	9,330	146,245	36,430
Capital Outlay	4,810.00	28,000	12,500	0
Grants	0.00	45,000	0	0
Transfers	0.00	0	45,000	45,000
<b>Total Program Costs</b>	<b>\$1,408,598.61</b>	<b>\$1,362,882</b>	<b>\$1,653,394</b>	<b>\$1,557,890</b>
State Special Revenue Fund	1,062,175.45	1,019,892	1,334,127	1,250,564
Federal & Other Spec Rev Fund	346,423.16	342,990	319,267	307,326
<b>Total Funding Costs</b>	<b>\$1,408,598.61</b>	<b>\$1,362,882</b>	<b>\$1,653,394</b>	<b>\$1,557,890</b>
Current Level Services	1,364,096.71	1,362,882	1,604,666	1,485,189
Modified Level Services	44,501.90	0	48,728	72,701
<b>Total Service Costs</b>	<b>\$1,408,598.61</b>	<b>\$1,362,882</b>	<b>\$1,653,394</b>	<b>\$1,557,890</b>

#### Program Description

The Field Services Division staff provide liaison between the Directors Office and Regional Supervisors, perform all department personnel activities, coordinate the statewide game damage control program and manage all aircraft activities.

#### Budget Issues

The Field Services portion of the unfunded pay plan was funded by deleting .75 percent of a position.

Changes in FTE between FY86 and FY87 were authorized through program transfers and Legislative Contract Authority. 31.90 FTE are requested in FY88 and 32.40 FTE in FY89. A four percent vacancy saving is applied.

\$3,000 in janitorial service and \$2,088 in security services was transferred from the Wildlife program base. This is because all research and lab functions will be included in the new field services headquarters in Bozeman.

Federal agencies and private groups contract with the department to study and monitor fish and wildlife. If contracts of this nature materialize in the new biennium, the department requests the authority to use \$45,000 in overhead fees collected from these projects to cover administrative costs.

#### Modification Requests

**Increased Operations and Maintenance** - This request would allow for increased operations and maintenance in the Bozeman and Great Falls offices. The funding source is the general license account.

FY88 = \$30,959

FY89 = 47,795

Clerical Support - .50 clerical FTE and 1.00 clerical FTE is requested to provide additional support in four regions. The funding source is the general license fund.

Landowner/Sportsman Management - Additional funds are requested to assist landowners in distributing hunters on private lands. The funding source is the general license fund.

FY88 = \$7,500

FY89 = \$7,500

#### FISHERIES DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	137.62	99.29	100.73	100.98
Personal Services	3,180,719.13	2,539,768	2,676,610	2,684,982
Operating Expenses	1,560,368.75	1,127,482	1,168,790	1,138,363
Equipment	195,210.13	87,730	130,950	103,670
Capital Outlay	376.30	0	0	0
Grants	16,000.00	1,217,000	18,500	18,500
Transfers	20,000.00	0	920,000	920,000
<b>Total Program Costs</b>	<b>\$4,972,674.31</b>	<b>\$4,971,980</b>	<b>\$4,914,850</b>	<b>\$4,865,515</b>
State Special Revenue Fund	2,847,827.67	2,796,800	2,754,533	2,784,560
Federal & Other Spec Rev Fund	2,124,846.64	2,175,180	2,160,317	2,080,955
<b>Total Funding Costs</b>	<b>\$4,972,674.31</b>	<b>\$4,971,980</b>	<b>\$4,914,850</b>	<b>\$4,865,515</b>
Current Level Services	3,822,533.58	4,971,980	4,787,084	4,720,386
Modified Level Services	1,150,140.73	0	127,766	145,129
<b>Total Service Costs</b>	<b>\$4,972,674.31</b>	<b>\$4,971,980</b>	<b>\$4,914,850</b>	<b>\$4,865,515</b>

#### Program Description

The staff of the Fisheries Division manage Montana's fisheries resources to provide optimum sport fishing for Montana's resident and nonresident anglers. They also regulate commercial use of nongame fish and fishing areas where commercial operations are compatible with sport fishing.

#### Budget Issues

The Fisheries program met its portion of the unfunded pay plan by deleting 3.21 FTE positions for a savings of approximately \$49,000 in FY88 and 89. Operating costs were decreased \$101,831 in FY88 and \$100,166 in FY89.

Changes which occur in FTE levels between FY86 and FY87 were authorized through program transfers and Legislative Contract Authority. The program requests 100.73 FTE in FY88 and 100.98 FTE in FY89. A four percent vacancy savings is applied.

The request for systems production and development decreases \$13,237 in FY88 and FY89 from FY86. This reduction is primarily due to the program dropping its contracted work with the Department of Administration and hiring a programmer to do the work in-house.

#### Modification Requests

Missouri River Water Reservation - The 1985 Legislature initiated a water reservation process on the Missouri River drainage. This request would allow the necessary funding to compile biological, stream flow, and recreational data necessary to prepare an application for submission to DNRC. .25 FTE is requested for both years of the biennium.

Funding Source	FY88	FY89
License Revenue	\$6,000	\$6,000
Federal D.J.	\$18,000	\$18,000

Expanded Hatchery Facilities - The request would provide .50 FTE in FY88 and in FY89 plus operations fundings for

the hatchery facilities at Giant Springs, Yellowstone River, Big Springs and Miles City. The funding source is General license funds.

FY88 = \$20,868

FY89 = \$21,146

Central Montana Fisheries Enhancement - The program requests increased funding for the fishery management program on the Missouri, Smith and Dearborn Rivers and temporary help for central Montana farm pond and reservation management. 1.0 FTE is requested.

Funding Source	FY88	FY89
License Revenue	\$7,658	\$7,151
Federal D.J.	\$25,500	\$24,000

Fish Disease Prevention - The request would increase funding to better monitor and control trout and salmon diseases in Montana.

The funding source is General license funds.

FY88 = \$6,925

FY89 = \$7,247

Co-Op Fish Monitoring - This request is for funding for a cost share program with BPA, USFS, and other agencies to monitor and plan for development activities in the Flathead/Kootenai River Basin waters. The funding source for this request is General license funds.

FY88 = \$22,931

FY89 = \$41,639

Fort Peck Commercial Fish - Monitoring of commercial and state fisheries on Fort Peck Reservoir has been funded by the National Marine Fisheries Service since the early 1970's. Federal budget cuts make continued funding doubtful. It is requested that federal NMFS funding now utilized under LCA be replaced with federal WB funding in the base budget. No increase in state matching dollars is required. The funding source is Federal-D.J.

FY88 = \$20,050

FY89 = \$20,111

LAW ENFORCEMENT DIVISION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	88.73	87.33	90.67	90.67
Personal Services	2,873,778.95	2,636,205	2,835,882	2,839,393
Operating Expenses	869,201.52	817,786	964,113	967,091
Equipment	116,857.37	48,000	89,611	61,789
Grants	0.00	84,000	0	0
Transfers	0.00	290,000	0	0
<b>Total Program Costs</b>	<b>\$3,859,837.84</b>	<b>\$3,875,991</b>	<b>\$3,889,606</b>	<b>\$3,868,273</b>
State Special Revenue Fund	3,772,455.94	3,791,991	3,734,985	3,713,641
Federal & Other Spec Rev Fund	87,381.90	84,000	154,621	154,632
<b>Total Funding Costs</b>	<b>\$3,859,837.84</b>	<b>\$3,875,991</b>	<b>\$3,889,606</b>	<b>\$3,868,273</b>
Current Level Services	3,772,455.94	3,875,991	3,702,268	3,681,237
Modified Level Services	87,381.90	0	187,338	187,036
<b>Total Service Costs</b>	<b>\$3,859,837.84</b>	<b>\$3,875,991</b>	<b>\$3,889,606</b>	<b>\$3,868,273</b>

**Program Description**

The Enforcement Division staff are responsible for protecting fish and wildlife and their habitat and for protecting recreation, historical, and archaeological sites from willful or negligent destruction. They maintain field administration of license agents and administer the provisions of special purpose licenses and permits. The 1981 Legislature established the Conservation Officer Program to increase enforcement of game laws by using non-enforcement personnel.

**Budget Issues**

Changes occurring in FTE between FY86 and FY87 were authorized through program transfers and Legislative Contract Authority.

The unfunded portion of the pay plan was met by reducing FTE by .33 and by reducing operating expenses by \$10,501 in FY88 and \$10,329 in FY89.

The program requests 90.67 FTE in both years of the new biennium.

Food service expense increases \$2,000 in each year of the biennium. The increase is to cover the costs of an all-agency seminar which will be held in both FY88 and 89.

In-state motor pool costs are understated in FY86 for two reasons. First, there were vacant positions in FY86 which are now filled. This accounts for \$36,375. Secondly, the agency is planning to renegotiate the MPEA contract to allow compensation time. The department has not been allowing overtime, and as such, travel has been cut. However, once the contract is renegotiated, the department anticipates increasing travel. The department asks that these two items be taken into account in its request for FY88 and 89.

For both years of the biennium, an additional \$8,000 is requested for in-state meals to accommodate eight new FTE's that filled existing positions.

Funds requested for rewards are used to administer the crime-stoppers program as well as pay rewards concerning fish and game violations. In FY86, \$11,020 was authorized for expenditure, but since the program did not get into full swing until the middle of the year not all funds were expended. A request is made to fund rewards at the authorized FY86 level.

The equipment request includes: 1) \$2,000 in FY88 and 89 for four portable electric generators used at mobile enforcement checking stations, 2) \$22,550 in FY88 and \$11,789 in FY89 for infrared night vision equipment for surveillance, and; 3) \$15,000 in FY88 and \$6,000 in FY89 to purchase 15 self-contained camper trailers for enforcement work in region 3.

**Modification Requests**

Warden - Region 5 1.0 FTE is requested for increased warden support in region 5. The funding source is general license funds.

FY88 = \$32,294

FY89 = \$31,684

Warden/Biologist - Thompson Falls .50 FTE is requested to assist the Thompson Falls Biologist and Game Warden. The position would handle routine duties which would allow the warden to spend more time on commercial poaching issues. Funding would be General license funds.

FY88 = \$16,570

FY89 = \$16,562

Boating Safety - This request would utilize federal coast guard funds for operations funding for increased promotion of boating and water safety.

FY88 = \$138,474

FY89 = \$138,790

WILDLIFE DIVISION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	109.98	94.49	94.36	94.36
Personal Services	2,951,650.95	2,638,094	2,736,414	2,737,639
Operating Expenses	2,185,060.13	2,105,281	2,022,721	2,009,753
Equipment	263,695.25	77,618	161,292	119,715
Capital Outlay	449.00	0	0	0
Grants	6,830.79	1,004,729	30,370	30,370
Transfers	0.00	0	1,165,000	1,165,000
<b>Total Program Costs</b>	<b>\$5,407,686.12</b>	<b>\$5,825,722</b>	<b>\$6,115,797</b>	<b>\$6,062,477</b>
State Special Revenue Fund	2,551,210.55	2,655,257	2,693,924	2,640,586
Federal & Other Spec Rev Fund	2,856,475.57	3,170,465	3,421,873	3,421,891
<b>Total Funding Costs</b>	<b>\$5,407,686.12</b>	<b>\$5,825,722</b>	<b>\$6,115,797</b>	<b>\$6,062,477</b>
Current Level Services	4,697,218.25	5,825,722	5,895,062	5,850,566
Modified Level Services	710,467.87	0	220,735	211,911
<b>Total Service Costs</b>	<b>\$5,407,686.12</b>	<b>\$5,825,722</b>	<b>\$6,115,797</b>	<b>\$6,062,477</b>

**Program Description**

The division is responsible for the department's survey, inventory, and research of the state's wildlife resource and its habitat. This work provides a biological basis for game and fur season recommendations to the commission each year. The staff maintain cooperation with federal and state agencies, organizations, landowners, and sportsmen in programs affecting wildlife in the state. The division staff also operate and maintain the department's wildlife management areas in the state, which total 270,000 acres.

**Budget Issues**

The unfunded pay plan obligation was met in the Wildlife program through the reduction of 3.20 FTE in both years of the new biennium and by reducing operating expenditures by \$101,821 in FY88 and \$100,166 in FY89.

Changes occurring in FTE between FY86 and FY87 were authorized through program transfers and Legislative Contract Authority.

94.36 FTE are requested in FY88 and 94.36 FTE are requested in FY89.

There is an increase in requested funding for room and board in FY88 (\$9,956 over FY86) and in education and training in FY88 (\$4,210 over FY86) because the agency is proposing to bring the instructors and educators together on a statewide basis.

\$61,800 in FY88 and \$61,000 in FY89 is requested to purchase approximately 244 radio transmitters at \$250 each. These units are used to track mule deer, white-tailed deer, elk and antelope.

Over the last biennium several FWP land holdings have been re-assessed and taxes have been increased. FWP has also purchased three new properties totalling about 5,000 acres. As a result, taxes have increased \$16,118 in FY88 and in FY89 from the FY86 level.

Non-game funds from the income tax check off program are included in the request. Funds from this account include \$27,656 in FY88 and in FY89.

The department is contracted with by federal agencies and private groups to study and monitor fish and wildlife conditions in Montana. The agency requests the budget authority to spend these federal and private contract funds if the projects materialize. Total request is \$1,165,000 in both years of the new biennium.

**Modification Requests**

S/W Enhancement Enforcement/Survey - 1.0 FTE and operating funds are requested to upgrade the department's capabilities to curtail illegal activities, provide public information and collect the biological data necessary to determine allowable harvest rates for elk, deer and antelope. The funding source is general license fund.

FY88 = \$49,470

FY89 = 49,513

Hunter Opportunity/Game Damage - This request would establish one FTE assistant to the wildlife manager in Bozeman. The funding source for this project is the general license fund.

FY88 = \$41,040

FY89 = \$41,042

Wildlife Mitigation Plans - .50 FTE is requested to implement a wildlife mitigation plan at Hungary Horse and Libby Dams. The funding source for this project is the general license fund.

FY88 = \$24,502

FY89 = \$24,503

S/W Effects-Archery Hunting - The request would provide the funding necessary to evaluate the effects of archery hunting on elk statewide. The funding source for this project is the general license fund.

FY88 = \$27,900

FY89 = \$19,000

Minimize RMF Grizzly Conflicts - the request would provide 1.0 FTE and operating funds to capture and relocate problem bears, test aversive conditioning, and keep the public informed on potential bear problems. The funding source for this project is general license funds.

FY88 = \$44,563

FY89 = \$44,594

Non-Game Program - Request would continue the non-game state income tax checkoff.

FY88 = \$7,000

FY89 = \$7,000

R-1 Landowner/Hunter Assistance - .50 FTE is requested in Sanders County to help enforcement personnel in the area. The funding source is general license funds.

FY88 = \$16,230

FY89 = \$16,276

Expanded Weed Control - Request to increase the department's effort at weed control on department lands. The funding source is general license funds.

FY88 = \$10,000

FY89 = \$10,000



RECREATION & PARKS DIVISION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	100.51	100.57	95.12	95.12
Personal Services	1,943,005.19	2,019,498	2,052,070	2,053,922
Operating Expenses	1,229,585.03	1,050,058	1,228,646	1,201,266
Equipment	102,078.74	199,890	177,290	169,290
Capital Outlay	4,393.81	0	0	0
Grants	414,508.60	500,000	445,000	445,000
Transfers	0.00	117,644	0	0
<b>Total Program Costs</b>	<b>\$3,693,571.37</b>	<b>\$3,887,090</b>	<b>\$3,903,006</b>	<b>\$3,869,478</b>
General Fund	405,052.81	0	0	0
State Special Revenue Fund	2,685,597.18	3,130,079	3,187,846	3,162,194
Federal & Other Spec Rev Fund	428,486.74	501,500	445,000	445,000
Proprietary Fund	174,434.64	255,511	270,160	262,284
<b>Total Funding Costs</b>	<b>\$3,693,571.37</b>	<b>\$3,887,090</b>	<b>\$3,903,006</b>	<b>\$3,869,478</b>
Current Level Services	3,693,571.37	3,887,090	3,842,006	3,808,478
Modified Level Services	0.00	0	61,000	61,000
<b>Total Service Costs</b>	<b>\$3,693,571.37</b>	<b>\$3,887,090</b>	<b>\$3,903,006</b>	<b>\$3,869,478</b>

**Program Description**

The staff of the Recreation and Parks Division are responsible for the operation and maintenance of the State Parks System, including state parks, recreation areas, monuments, recreational waterways, recreational roads and trails, and fishing access sites. They are also responsible for: conservation of the scenic, historic, archaeological, scientific and recreational resources of the state; the administration of the Federal Land and Water Conservation Fund in Montana; and the administration of snowmobile recreation in Montana, by providing for maintenance and installation of snowmobile facilities.

**Budget Issues**

Changes in FTE level between FY86 and FY87 were authorized through program transfers. The Parks Division met its obligation to the unfunded pay plan through the elimination of 3.20 FTE for a reduction of \$163,529 in FY88 and \$167,791 in FY89.

95.12 FTE is requested in both FY88 and FY89. A four percent vacancy savings is applied.

The division requests approximately \$20,000 additional funds over FY86 for weed assessment and control.

Department of Administration printing costs are requested to increase \$39,447 in FY88 and \$22,447 in FY89 from FY86.

\$100,000 is requested in each year of the new biennium for replacement of snowmobile equipment. This is the FY87 authority level.

In the capital program, all acquisition and development projects funded with coal tax revenues were eliminated.

**Modification Requests**

Increase Snowmobile Program - The request would improve trail signing and add mileage to trails. Funding is from the snowmobile fuel tax.

FY88 = \$61,000

FY89 = \$61,000

CAPITAL OUTLAY  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	11,266.43	0	0	0
Capital Outlay	2,529,320.20	0	0	0
Transfers	1,734,034.19	0	0	0
<b>Total Program Costs</b>	<b>\$4,274,620.82</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
State Special Revenue Fund	2,435,363.51	0	0	0
Federal & Other Spec Rev Fund	1,839,257.31	0	0	0
<b>Total Funding Costs</b>	<b>\$4,274,620.82</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	4,274,620.82	0	0	0
<b>Total Service Costs</b>	<b>\$4,274,620.82</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Description**

The Capital Outlay Program supports the Department in land acquisition and development and maintenance activities.

**Budget Issues**

The Department's Long Range Building Program and Major Maintenance Plan for FY88 and FY89 is handled by the Department of Administration's Architecture and Engineering Division.

CONSERVATION EDUCATION DIVISION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	21.50	21.50	22.05	22.05
Personal Services	639,105.88	641,700	670,014	669,323
Operating Expenses	473,846.65	485,164	521,923	523,644
Equipment	66,912.19	14,604	27,450	21,200
Grants	0.00	30,000	0	0
<b>Total Program Costs</b>	<b>\$1,179,864.72</b>	<b>\$1,171,468</b>	<b>\$1,219,387</b>	<b>\$1,214,167</b>
State Special Revenue Fund	1,064,535.12	1,066,155	1,079,862	1,074,642
Federal & Other Spec Rev Fund	115,329.60	105,313	139,525	139,525
<b>Total Funding Costs</b>	<b>\$1,179,864.72</b>	<b>\$1,171,468</b>	<b>\$1,219,387</b>	<b>\$1,214,167</b>
Current Level Services	1,139,624.78	1,171,468	1,176,887	1,171,667
Modified Level Services	40,239.94	0	42,500	42,500
<b>Total Service Costs</b>	<b>\$1,179,864.72</b>	<b>\$1,171,468</b>	<b>\$1,219,387</b>	<b>\$1,214,167</b>

**Program Description**

The Conservation Education Division exists to assist the department in reaching its overall goals through well-designed public information and education programs. The program informs the public about fish and wildlife laws, administrative rules and policies that are designed to regulate outdoor recreation activities; creates a public awareness of the responsibilities of the Department of Fish, Wildlife and Parks in state government and in the management of fish, wildlife and parks; educates the public about the needs of fish and wildlife and the importance of other natural and cultural resources associated with outdoor recreation; informs citizens of issues that may affect fish, wildlife, parks and various forms of outdoor recreation; fosters good will and support for the department and its programs; and encourages communication and cooperation among sportsmen, landowners, and the department; coordinates training in the areas of hunter, boat & snowmobile safety.

**Budget Issues**

The unfunded pay plan obligation for the Conservation Education program was met by reducing the operations budget by \$15,000 in both years of the new biennium.

22.05 FTE are requested for both years of the biennium. A four percent vacancy savings is applied.

\$13,300 is requested in FY88 and FY89 for the contract services necessary to complete a 16mm film documentary. Work will begin in late FY87.

**Modification Requests**

Project WILD - Request is to train approximately 15 teachers annually in the use of Project WILD materials. The source of funding is the general license fund.

FY88 = \$5,000

FY89 = \$5,000

Bear Education - Request would institute a bear hunter education program. Funding would come from the general license fund.

FY88 = \$7,500

FY89 = \$7,500

Boater Safety Awareness - The request would establish increased public information in boating safety. The general license fund would be used for funding.

FY88 = \$30,000

FY89 = \$30,000

ADMINISTRATION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	13.36	14.01	13.10	13.10
Personal Services	497,543.19	503,629	502,407	502,393
Operating Expenses	315,804.83	303,390	272,167	271,028
Equipment	114,357.95	600	2,800	0
Grants	80,000.00	95,000	80,000	80,000
Transfers	75,000.00	0	25,000	75,000
<b>Total Program Costs</b>	<b>\$1,082,705.97</b>	<b>\$902,619</b>	<b>\$882,374</b>	<b>\$928,421</b>
State Special Revenue Fund	900,678.93	704,640	701,540	754,372
Federal & Other Spec Rev Fund	182,027.04	197,979	180,834	174,049
<b>Total Funding Costs</b>	<b>\$1,082,705.97</b>	<b>\$902,619</b>	<b>\$882,374</b>	<b>\$928,421</b>
Current Level Services	1,082,705.97	902,619	882,374	928,421
<b>Total Service Costs</b>	<b>\$1,082,705.97</b>	<b>\$902,619</b>	<b>\$882,374</b>	<b>\$928,421</b>

**Program Description**

The staff of the Administration Program provide the executive leadership functions of the Fish and Game Commission, the Director's Office, and associated staff services. The commission sets department policies and priorities and regu-

lates the harvest of fish, game and furbearers through regulations establishing seasons and bag limits. The Director's Office provides executive direction for the department's overall program and implements policies established by the Legislature, Governor, and the Fish and Game Commission.

**Budget Issues**

The unfunded pay plan obligation was met in the Administration program by deleting .36 FTE and by reducing operating costs \$11,456 in FY88 and \$11,268 in FY89.

Changes in the FTE level between FY86 and FY87 were authorized through program transfers. The department

requests 13.10 FTE in each year of the biennium. A four percent vacancy savings is applied.

The budget request includes an annual grant of \$80,000 in general license funds to the Montana Department of Livestock to assist with the state predator control program.

There is an overall reduction to the FY88 budget of \$200,331 from FY86. The FY89 budget is reduced \$154,284 from the FY 86 level.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	240.79	236.25	245.50	245.25
Personal Services	6,379,639.59	6,359,803	6,884,238	6,882,637
Operating Expenses	4,762,663.96	11,143,793	10,115,010	11,042,382
Equipment	252,266.40	12,705	324,574	172,197
Grants	6,143,752.00	5,919,758	3,909,760	3,944,641
Benefits and Claims	4,437,246.36	0	4,799,325	4,991,298
<b>Total Agency Costs</b>	<b>\$21,975,568.31</b>	<b>\$23,436,059</b>	<b>\$26,032,907</b>	<b>\$27,033,155</b>
General Fund	3,853,776.54	3,350,205	3,751,227	3,712,500
State Special Revenue Fund	1,774,244.74	2,241,961	2,501,633	2,178,239
Federal & Other Spec Rev Fund	16,347,547.03	17,843,893	19,780,047	21,142,416
<b>Total Funding Costs</b>	<b>\$21,975,568.31</b>	<b>\$23,436,059</b>	<b>\$26,032,907</b>	<b>\$27,033,155</b>
Current Level Services	21,838,597.78	23,436,059	20,898,782	20,650,969
Modified Level Services	136,970.53	0	5,134,125	6,382,186
<b>Total Service Costs</b>	<b>\$21,975,568.31</b>	<b>\$23,436,059</b>	<b>\$26,032,907</b>	<b>\$27,033,155</b>

### Agency Description

The Department of Health and Environmental Sciences was created to protect and promote the health of the people of Montana through the implementation of beneficial public health programs and the enforcement of public health laws and regulations. It is the responsibility of the department staff to assess health care needs and problems in cooperation with local and private sources, to develop and implement programs designed to meet health needs and alleviate problems, and to continually evaluate current public health programs.

The department administers the maternal and child health block grant and the preventive health block grant and categorical grants from the federal government.

The department is provided for in section 2-15-2101, MCA, and its general powers and duties are specified in section 50-1-202, MCA.

### Policy Issues

The recommended 1989 biennium budget for the Department of Health and Environmental Sciences reflects current level expenditures in FY86, with few exceptions. Several policy issues impact the recommended budget.

The department reorganized in FY86. The Management Services Division was eliminated and its functions were transferred to other divisions. The Financial Management Services Division was renamed Centralized Services Division and received the laboratory programs from Management Services. The Health and Medical Facilities Services Division remained largely intact. However, programs were transferred within bureaus and some functions were transferred to the division from the Director's Office. The department identified one position that was deleted as a result of the reorganization.

The department reduced FY87 general fund expenditures by over \$210,000. Deletion of positions reduced ongoing general fund expenses by about \$153,000 annually. Two biennial appropriations for the genetics program and the newborn screening program were cut about \$21,000. The balance of the reductions was due to decreases in operating expenses, including a moratorium on out-of-state travel to

reduce expenditures in FY87. Position deletions and program expense reductions are identified in individual program narratives. Total FTE increase due to approved modified budget recommendations.

The department paid the family planning lawsuit settlement and legal costs of about \$68,000 within the FY86 current level funding, foregoing the need for a supplemental appropriation in FY86. However, a supplemental request for FY87 has been submitted by the department to continue funding for the Health Planning bureau. Federal health planning funds were not re-authorized, necessitating a general fund appropriation if the program is to continue through fiscal year end in 1987.

The department will propose legislation to increase the amount of interest income from 6 to 12 percent of the Resource Indemnity Tax Trust (RIT) allocated to the department to implement hazardous waste and superfund programs. The increased funding will provide the state match for remedial action on superfund projects and will fund state participation in the natural resources lawsuit. The legislation will allow cash payments to be made from the 12 percent RIT allocation and will establish a general obligation bonding authority to be used for the state match for superfund projects. The amount of general obligation superfund bonds that may be issued will be limited by the amount that can be repaid with six percent of the RIT interest income.

The department will introduce legislation to extend the state certificate of need law for another two years. This action would allow continuation of the Health Planning bureau.

An accounting change appears to cause increases operating expenses in most programs in the department. The indirect costs allowable against personal services expenses funded by federal and state special revenue are included in program operations budgets for the first time. In the past, these expenses were accounted for as revenues. Federal grants and state special revenues were reduced by the amount of allowable indirect cost recovery, reducing the amount of federal and state special revenue available to programs. Now, instead of being recorded as income, these indirect cost recoveries will be shown as expenses in relevant program budgets.

Indirect cost collections are expensed in programs and deposited to the general fund as cost recoveries under the Statewide Cost Allocation Plan and to agency accounts as allowable cost recoveries to fund centralized services.

Departmental indirect cost recoveries fund the Centralized Services Division and in previous years have funded portions of the Director's Office.

DIRECTOR'S PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	11.00	10.00	10.00	10.00
Personal Services	388,924.34	470,563	361,067	361,037
Operating Expenses	69,106.37	179,676	56,507	56,271
Equipment	1,024.00	0	12,284	1,200
Grants	0.00	697,569	0	0
<b>Total Program Costs</b>	<b>\$459,054.71</b>	<b>\$1,347,808</b>	<b>\$429,858</b>	<b>\$418,508</b>
General Fund	385,497.71	523,771	335,589	335,323
State Special Revenue Fund	0.00	6,491	0	0
Federal & Other Spec Rev Fund	73,557.00	817,546	94,269	83,185
<b>Total Funding Costs</b>	<b>\$459,054.71</b>	<b>\$1,347,808</b>	<b>\$429,858</b>	<b>\$418,508</b>
Current Level Services	459,054.71	1,347,808	429,858	418,508
<b>Total Service Costs</b>	<b>\$459,054.71</b>	<b>\$1,347,808</b>	<b>\$429,858</b>	<b>\$418,508</b>

#### Program Description

The Director's Office provides for the overall management and policy development of the department. Included within

the office are responsibilities for the Board of Health, and legal unit and functions directly related to the director.

#### DIRECTOR

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	8.00	7.00	7.00
1000 Personal Services	\$293,595.86	\$257,546	\$257,640
2000 Operating	54,018.07	33,278	33,442
6000 Grants			
<b>Total Program Costs</b>	<b>\$347,613.93</b>	<b>\$290,824</b>	<b>\$291,082</b>
01000 General Fund	\$274,056.93	\$212,179	\$212,437
02000 State Spec. Rev.			
03000 Fed/Spec. Rev.	73,557.00	78,645	78,645
<b>Total Funding Costs</b>	<b>\$347,613.93</b>	<b>\$290,824</b>	<b>\$291,082</b>

#### Program Description

The Director's program provides for the overall management and policy development of the department. Included in this program are the deputy director, personnel, public information, and planning functions.

#### Budget Issues

In FY86 the Director's Office absorbed some of the costs of the family planning suit that was brought against the department. The director was named as a defendant in the lawsuit. The cost of private legal counsel for the suit (\$14,151) was funded out of current level; \$5,000 was appropriated for such costs.

Three computers were purchased at fiscal year end with general fund remaining in the appropriation for the Certification and Licensing program. One of these personal computers is being used in the Director's Office.

In order to absorb the unfunded portion of the FY87 pay plan and the five percent cut in FY87, 1.0 FTE in the

Director's Office was deleted. An information officer position was cut and travel for the director was reduced.

The 1989 biennium budget for the Director's Office declines about \$50,000 from FY86. The reduction is largely attributable to lower personal services and private legal counsel costs. Most operations costs were budgeted at FY86 actual with the exception of travel expenses which were budgeted at FY85 actual.

Federal funding increases, as about \$5,000 additional preventive health block grant is allocated to the Director's Office. The amount of the maternal child health (MCH) block grant remains constant at \$30,000 per year. Funding for MCH block grants to counties was transferred to the administration of the Maternal Child Health bureau in the Health Services and Medical Facilities Division. Funding for rape crises grants and the renal program was transferred to the Preventive Health bureau.

## BOARD OF HEALTH

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	\$1,600.00	\$3,150	\$3,150
1000 Personal Services			
2000 Operating	5,387.22	9,963	9,963
Total Program Costs	\$6,987.22	\$13,113	\$13,113
01000 General Fund	\$6,987.22	\$13,113	\$13,113
Total Funding Costs	\$6,987.22	\$13,113	\$13,113

**Program Description**

The Board of Health is a quasi-judicial board appointed by the Governor to advise the Department of Health and Environmental Sciences in public health matters.

budgeted at \$8,000, did not arise, so the legal contract was reduced as part of the five percent reduction in FY87.

**Budget Issues**

The Board of Health spent slightly more than one-third of its appropriation in FY86. Anticipated legal expenditures,

The budget for the Board increases over FY86 due to allocations for legal expenses and for travel and per diem costs for board meetings. The total amount budgeted for the Board in the 1989 biennium is about \$5,000 lower than the appropriation for the 1985 biennium.

## LEGAL

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	3.00	3.00	3.00
1000 Personal Services	\$93,728.48	\$100,371	\$100,247
2000 Operating	9,701.08	13,266	12,866
3000 Equipment	1,024.00	12,284	1,200
6000 Grants			
Total Program Costs	\$104,453.56	\$125,921	\$114,313
01000 General Fund	\$104,453.56	\$110,297	\$109,773
03000 Fed/Spec. Rev.		15,624	4,540
Total Funding Costs	\$104,453.56	\$125,921	\$114,313

**Program Description**

The Legal Services program staff have primary responsibility to provide legal representation for the department. They also enforce several federal statutes, such as the Federal Clean Air Act, the Resource and Recovery Act, the Clean Water Act, and respective implementing regulations.

FY86 general fund from the Licensing and Certification program was used to purchase two personal computers for the Legal program. These computers replaced word processing equipment.

**Budget Issues**

The Legal program has 2.0 FTE attorney positions and two half-time clerical positions. In the 1987 biennium, two other attorneys and two part-time support staff within the Legal program were transferred to other programs within the Department. The staff that were transferred are funded by those programs and must spend their time working on issues for the respective program. One full-time attorney was transferred to the Water Quality Bureau, and one full-time attorney position was apportioned to the Air Quality, Hazardous Waste, Junk Vehicle and Solid Waste programs.

Most FY88-89 operating expenses were budgeted at FY86 actual expenditures. Increases were included for the purchase of four computers and the purchase of two hours of Westlaw per month. Westlaw is a computerized legal data base available through the State Law Library.

All operations and maintenance for the Legal program is funded by the general fund. Federal authority is budgeted for the purchase of the computers and Westlaw. It is the intent of this budget recommendation that the entire funding for the further computerization of the Legal program be paid for with federal funds in the 1989 biennium. In the 1991 biennium, automation costs shall be attributed to the funding source of the staff using the computers and Westlaw.

FINANCIAL MANAGEMENT DIVISION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	56.50	55.50	54.00	54.00
Personal Services	1,310,353.99	1,296,141	1,308,691	1,310,570
Operating Expenses	437,075.09	495,419	569,767	524,366
Equipment	128,558.33	0	157,231	6,000
<b>Total Program Costs</b>	<b>\$1,875,987.41</b>	<b>\$1,791,560</b>	<b>\$2,035,689</b>	<b>\$1,840,936</b>
General Fund	868,195.78	733,097	807,411	778,771
State Special Revenue Fund	391,596.62	445,589	655,043	495,601
Federal & Other Spec Rev Fund	616,195.01	612,874	573,235	566,564
<b>Total Funding Costs</b>	<b>\$1,875,987.41</b>	<b>\$1,791,560</b>	<b>\$2,035,689</b>	<b>\$1,840,936</b>
Current Level Services	1,875,987.41	1,791,560	2,035,689	1,840,936
<b>Total Service Costs</b>	<b>\$1,875,987.41</b>	<b>\$1,791,560</b>	<b>\$2,035,689</b>	<b>\$1,840,936</b>

**Program Description**

The Centralized Services Division provides support services for the Department. The Division consists of: Division Administration responsible for overall administration, management and coordination of the Division; Support Services bureau which is responsible for the Statewide Budget and Accounting System (SBAS), receipting all cash, procuring all supplies, materials, processing incoming and outgoing mail, producing federal financial reports, contracting and reviewing audits with independent audit firms, data processing and the centralized word processing section. Records and Statistics bureau operates Montana's vital statistics system, produces statistical tabulations and analysis based on vital records and other public health data, and issues birth/death certificates. Microbiology Laboratory bureau provides public health services in testing and consultation in support of communicable disease and environmental programs, investi-

gation of disease outbreaks, statewide registration of laboratory personnel, approves laboratories providing prenatal and premarital serologies, acts as a reference laboratory for hospitals and other laboratories within the state and certifies laboratories performing microbiological analysis of drinking water. Chemistry Laboratory bureau provides analytical and consulting services in testing water for concentrations of metals, organic and inorganic compounds in drinking water, wastewater and in surface and ground water in Montana, testing air-related samples for metals, organic and inorganic compounds and particulates in support of the Air Quality and Occupational Health bureaus, analysis of wastes for metals and organic compounds in support of the Solid Waste Management bureau, analyzes food and other commercial products for adulterants in support of the Food and consumer Safety bureau and analyzes body fluids for toxic metals and organic compounds in support of the Occupational Health bureau.

## DIVISION ADMINISTRATION - CSD

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	3.00	3.00	3.00
1000 Personal Services	\$104,864.54	\$ 94,793	\$ 94,657
2000 Operating	50,529.70	92,854	93,203
<b>Total Program Costs</b>	<b>\$155,394.24</b>	<b>\$187,647</b>	<b>\$187,860</b>
01000 General Fund		\$ 1,781	\$ 2,216
03000 Fed/Spec. Rev.	\$155,394.24	185,866	185,644
<b>Total Funding Costs</b>	<b>\$155,394.24</b>	<b>\$187,647</b>	<b>\$187,860</b>

**Program Description**

The Centralized Services Division Administration is responsible for overall division administration, establishing goals and objectives for the individual bureaus to accomplish, review and approve all departmental contracts and grants. The division also provides the department with all budgeting and financial data and reporting. The administrator reports on the achievement of the department and the status of its work to higher authorities, including the director, Governor, appropriate legislative groups, federal agencies and the general public.

**Budget Issues**

The budget for administration of the Centralized Services Division increases about \$30,000 above current level in FY86 due to the cost of liability insurance which more than doubles.

Division Administration is funded almost entirely by indirect costs assessed on the portion of personal services paid by federal and state special revenues. The small general fund appropriation is the amount necessary for the department adjustment to equalize changes in data processing rates charged by the Department of Administration. This program is to apportion the general fund between programs experiencing cost increases due to rate changes.

Most operating expenses were budgeted at FY86 actual costs. However, a small increase for instate travel is included because this program assumed responsibility for overseeing county use of the MCH block grant funds. The reorganization transferred this function to CSD Division Administration from the Management Services Division. Liability insurance costs are the largest source of increased expense in the budget.

## SUPPORT SERVICE BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	11.00	16.50	16.50
1000 Personal Services	\$421,246.14	\$373,299	\$373,785
2000 Operating	125,782.65	125,957	85,866
3000 Equipment	7,246.75	3,300	
Total Program Costs	\$554,275.54	\$502,556	\$459,651
01000 General Fund	\$145,875.17	\$239,277	\$204,000
02000 State Spec. Rev.	41,719.98		
03000 Fed/Spec. Rev.	366,680.39	263,279	255,651
Total Funding Costs	\$554,275.54	\$502,556	\$459,651

**Program Description**

The Support Services bureau provides support services for the Department of Health and Environmental Sciences. The following units are included in the bureau.

The Financial Unit of Support Services bureau is responsible for producing accounts receivables, cash receipting, procurement of goods and services, delivery and pickup of mail, assistance in grant preparation and reporting, payment of all claims and processing of all maintenance problems with the building.

The major objective of the Data Processing Unit is to assist all units of the Department in programming. This unit also coordinates the programming and equipment needs of the Department, and is supported by user fees.

The Film Library provides film library services to the Department of Health, the Department of Institutions and health professionals throughout the state. Films and equipment are provided on an as-available basis.

The Word Processing Unit is responsible for producing larger word processing jobs than can be handled by bureau personnel. This unit also handles the over-flow of work from other bureaus.

**Budget Issues**

The Support Services bureau has several programs including Fiscal, Film Library, Data Processing and Word Processing Pool. The latter three were transferred to the Fiscal program as part of the reorganization of the Management Services Division. The total bureau budget decreases almost \$50,000 dollars as a result of the loss of 1.5 FTE and reallocation of some expenses due to the reorganization.

Support Services bureau FTE increase by 6.50 due to department reorganization. The Fiscal program cut 1.0 FTE to meet the unfunded portion of the FY87 pay plan, resulting in a net increase of 5.50 full time positions.

Fiscal is the largest of the programs in the Support Services bureau. Fiscal deleted an accountant II position to fund the FY87 pay plan. The program purchased computers and software at fiscal year end 1985 and has been automating most of the Department accounting, contracting and purchasing functions.

The Fiscal budget increases slightly above FY86 current level due to payroll service fee increases, legislative audit costs and maintenance for the mail van. The responsibility for audits for federal child nutrition funds was transferred to the Child Nutrition program, decreasing instate travel costs for Fiscal.

The Film Library has .5 FTE and is funded by user fees from the Emergency Medical Services bureau and the Department of Institutions. In FY86, the program purchased a film splicing and repair machine, as authorized by the 1985 Legislature, and extra film cases. The program budget shows increases for indirect costs assessed against personal services in both years and \$1,000 in FY89 to update the audiovisual catalogue.

The Data Processing program has 1.0 FTE and is funded by fees charged to programs that utilize data processing services. Personal services costs increase because the position was filled only part-time in FY86. Total program costs increase due to the assessment of indirect costs in both years and the purchase of a personal computer in FY88.

The Word Processing Pool cut .5 FTE to fund the five percent cut and the unfunded portion of the FY87 pay plan. Two FTE were transferred to the Microbiology Lab Bureau during the reorganization; these FTE had previously been located in the lab when the Pool was first formed. The Word Processing Pool is funded by general fund. Some expenses within the Pool were shared and reallocated between the two laboratories and the Pool. Otherwise, the budget shows no changes from current level FY86.

## RECORDS AND STATISTICS BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	13.50	15.00	15.00
1000 Personal Services	\$327,231.02	\$336,642	\$336,253
2000 Operating	76,890.96	96,778	89,549
3000 Equipment	28,858.90	7,131	
Total Program Costs	\$432,980.88	\$440,551	\$425,802
01000 General Fund	\$301,916.41	\$272,104	\$279,136
02000 State Spec. Rev.	69,803.98	99,012	77,231
03000 Fed/Spec. Rev.	61,260.49	69,435	69,435
Total Funding Costs	\$432,980.88	\$440,551	\$425,802

**Program Description**

The Bureau of Records and Statistics operates Montana's vital statistics system. This bureau provides services to per-

sons and agencies in providing information regarding certain legal certificates for individuals and also produces statistical tabulations and analysis based on vital records and other



public health data. Statistical and consultative services are provided to the Department and local health agencies. The bureau also houses the Montana Central Tumor Registry which provides statewide cancer data for use in studying the diagnosis and treatment of cancer patients.

#### Budget Issues

The Records and Statistics bureau received an additional function when the tumor registry program was transferred from the clinical bureau during the Department reorganization. FTE increase 1.5 due to the transfer.

The program purchased three personal computer systems in FY86 as authorized by the 1985 Legislature. A budget amendment approved in FY87 will allow the program to purchase another personal computer and establish a link with the national infant death birth index.

New vital statistics forms will be published in 1988. Such updates are performed once every ten years, and operations costs in travel and communications were increased in FY88 to allow program staff to train local registrars in the use of the new forms. Increases were allowed in both years of the

biennium for microfilming and shipping new, longer, heavier documents.

Contracted services costs go up due to the increase in the number of cancer cases being tracked by the Tumor Registry. Other operational cost increases are related to maintenance costs of the new computers, and rent. Operations costs are higher in FY88 than in FY89 due to one-year travel and communications expenses related to training local registrars how to use the new vital statistics forms. Other operational costs were budgeted at FY86 actual.

Equipment purchases of \$7,131 are authorized in FY88. This amount includes about \$700 for software and \$6,460 for the replacement of a microfilm reader/printer.

Program funding is a mix of state and federal monies. General fund supports the Tumor Registry program and some of the cost of the vital statistics functions. Both federal revenue and state special revenue from the sale of copies of vital statistics records fund the balance of the bureau program.

Total program costs increase about \$8,000 over FY86 expenditures.

#### CHEMISTRY LAB BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	6.00	6.00	6.00
1000 Personal Services	\$175,409.87	\$178,169	\$178,841
2000 Operating	60,105.61	86,447	87,971
3000 Equipment	35,552.13	83,300	
Total Program Costs	\$271,067.61	\$347,916	\$266,812
01000 General Fund	\$ 81,726.99	\$ 82,844	\$ 83,576
02000 State Spec. Rev.	189,340.62	265,072	183,236
Total Funding Costs	\$271,067.61	\$347,916	\$266,812

#### Program Description

The Chemistry Laboratory bureau provides analytical and consulting services in the following areas:

**Water** - Determines the concentrations of metals, organic and inorganic compounds in drinking water, wastewater and in surface and groundwater in Montana. These analyses are run for the programs of the Water Quality bureau, Montana Fish, Wildlife and Parks Department, Environmental Protection Agency, and Solid Waste Management bureau. Private water samples are also analyzed.

**Air** - Analyzes air-related samples for metals, organic and inorganic compounds and particulates in support of the programs of the Air Quality bureau and the Occupational Health bureau. Air samples from private sources are also analyzed.

**Hazardous Waste/Superfund** - Analyzes wastes for metals and organic compounds and classifies wastes as hazardous or nonhazardous in support of programs of the Solid and Hazardous Waste bureau.

**Food and Consumer Safety** - Analyzes food and other commercial products for adulterants at the request of the Food and Consumer Safety bureau. Recent examples include EDB in cereal products and coumarin in Mexican vanilla.

**Occupational Health** - Analyzes body fluids for toxic metals and organic compounds at the request of the Occupational Health bureau. Examples are lead in blood or pentachlorophenol in urine.

#### Budget Issues

The Chemistry Laboratory was transferred to the Centralized Services Division during departmental reorganization. The program made \$35,318 of equipment purchases in the 1985 biennium, about \$2,000 less than the amount authorized by the 1985 Legislature.

The recommended budget for the 1989 biennium is based on current level expenditures in FY86 with minor increases in some operational costs. Contracted services increase because lab costs have increased for disposal of small quantities of hazardous waste. Inflation adds to the cost of lab supplies as well as an adjustment to annualize supply costs.

Equipment purchases of \$83,300 are included in the FY88 budget. Such expenditures are to be financed with fee income and are primarily for replacement items.

Funding for the Chemistry Lab is about 30 percent general fund. Fee income is projected to increase about \$10,000 each year of the biennium. However, the growth appears much higher in FY88 because the equipment purchases are to be financed with fee revenue.

## MICROBIOLOGY LAB BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	9.00	13.50	13.50
1000 Personal Services	\$281,602.42	\$325,788	\$327,034
2000 Operating	123,766.17	167,731	167,777
3000 Equipment	56,900.55	63,500	6,000
Total Program Costs	\$462,269.14	\$557,019	\$500,811
01000 General Fund	\$338,677.21	\$211,405	\$209,843
02000 State Spec. Rev.	90,732.04	290,959	235,134
03000 Fed/Spec. Rev.	32,859.89	54,655	55,834
Total Funding Costs	\$462,269.14	\$557,019	\$500,811

**Program Description**

The Microbiology Laboratory provides the following public health services to department programs, hospitals, physicians, and public health facilities in Montana:

- Testing and consultation in support of communicable disease and environmental programs;
- Investigation of disease outbreaks;
- Statewide registration of laboratory personnel;
- Approval of laboratories providing prenatal and premarital serologies (rubella and syphilis);
- Reference laboratory for hospitals and other laboratories within the state;
- Certification of laboratories performing microbiological analysis of drinking water; and
- Testing each newborn child in the state for metabolic diseases, including galactosemia, phenylketonuria and congenital hypothyroidism.

**Budget Issues**

The Microbiology Laboratory program was transferred to the Centralized Services Division during departmental reorganization. The Newborn Screening program (PKU) authorized by the 1985 Legislature is in this bureau.

FTE increase by two full-time positions that were transferred from the Word Processing Pool during the reorganization. Some of the lab operating costs, formerly paid by Division Administration of the Management Services Division, were also transferred to Micro Lab.

The Newborn Screening program was appropriated \$145,600 in general fund over the 1987 biennium to purchase equipment, hire 2.5 FTE and begin testing for PKU in Montana. The program is to be supported entirely by fee income beginning in FY87. The cost of equipment for the NBS program was lower than anticipated, allowing the Department to reduce the biennial appropriation by \$8,000 for the five percent cut in FY87.

The Micro Lab budget increases about \$90,000 over current level in FY88 and about \$30,000 in FY89. Most of the increase in FY88 is due to equipment purchases of \$63,500 that are to be funded with fee income. Expenditures go up due to: the transfer of FTE reallocation of operating costs from the reorganization; and proficiency test and laboratory supply cost increases.

Some of the budget increase is due to the NBS program. Annualization of operating costs and equipment maintenance cause operating costs to rise. However, contracted services costs decrease because the state no longer contracts for completion of the PKU tests. Total costs for the NBS program are estimated to be about \$107,000 per year, funded entirely by fee income.

General fund decreases about \$120,000 from FY86 to FY88 because the start up income for the NBS program is included in the base budget appropriation. Fee income increases about \$120,000 per year (\$100,000 of it attributable to the NBS program). The amount of preventive health block grant allocated to the lab increases to about \$55,000, about 33 percent above the FY87 allocation. Part of this increase is for the purchase of AIDS testing kits.

**ENVIRONMENTAL SCIENCES DIV.  
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	97.00	96.75	100.00	99.75
Personal Services	2,619,280.69	2,559,462	2,920,303	2,916,333
Operating Expenses	2,051,567.87	3,660,317	7,213,620	8,226,156
Equipment	46,756.15	7,255	116,657	55,864
Grants	1,039,043.59	1,296,655	1,218,140	1,241,718
<b>Total Program Costs</b>	<b>\$5,756,648.30</b>	<b>\$7,523,689</b>	<b>\$11,468,720</b>	<b>\$12,440,071</b>
General Fund	1,237,228.21	1,138,065	1,337,045	1,333,594
State Special Revenue Fund	1,367,657.20	1,745,314	1,801,760	1,637,808
Federal & Other Spec Rev Fund	3,151,762.89	4,640,310	8,329,915	9,468,669
<b>Total Funding Costs</b>	<b>\$5,756,648.30</b>	<b>\$7,523,689</b>	<b>\$11,468,720</b>	<b>\$12,440,071</b>
Current Level Services	5,756,648.30	7,523,689	7,005,589	6,790,352
Modified Level Services	0.00	0	4,463,131	5,649,719
<b>Total Service Costs</b>	<b>\$5,756,648.30</b>	<b>\$7,523,689</b>	<b>\$11,468,720</b>	<b>\$12,440,071</b>

**Program Description**

The Division of Environmental Sciences is concerned with maintaining human health and environmental quality.

Emphasis is directed toward studying the existing environment and determining whether it is safe, or if hazards are found, to specify corrective measures. The ultimate objec-

tive is to predict potentially hazardous situations and through corrective actions, prevent damage to human health and the environment.

The Division is implemented through the activities of five bureaus: The Air Quality bureau, Food and Consumer Safety bureau, Occupational Health Bureau, Solid and Hazardous Waste bureau, and Water Quality bureau. The

bureaus work individually and collectively on various environmental health problems and projects. The Environmental Sciences Division Administration provides an element of continuity to the operation of the bureaus, assisting in determining the direction of each bureau, and serving as the focal point of leadership for cooperative projects. The division also provides interdepartment and interagency assistance along with its administrative and long range planning duties.

#### DIVISION ADMINISTRATION

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	3.00	2.50	2.50
1000 Personal Services	\$ 99,068.71	\$ 97,116	\$ 97,161
2000 Operating	19,644.38	124,010	23,991
Total Program Costs	\$118,713.09	\$221,126	\$121,152
02000 State Spec. Rev.	\$118,713.09	\$221,126	\$121,152
Total Funding Costs	\$118,713.09	\$221,126	\$121,152

#### Program Description

The Environmental Sciences Division Administration provides for the administration, management and coordination of the Air Quality, Food and Consumer Safety, Occupational Health, Solid and Hazardous Waste and Water Quality bureaus and the varied programs protecting environmental health in Montana.

Each of the five bureau chiefs reports directly to the division administrator. The administrator works with his counterparts in other state and local agencies, as well as with federal officials, particularly representatives of the U. S. Environmental Protection Agency. This office is responsible for the review of environmental impact statements and assessments prepared by other state and federal agencies, the coordination and/or preparation of technical and administrative reports, the preparation of environmental impact statements within the division, coordination of the DHES Emergency Response Team, providing right-to-know information and the planning and implementation of special projects.

#### Budget Issues

The Division Administration program is responsible for the environmental quality protection fund established by the 1985 Legislative Session. A \$1 million biennial appropriation was established to finance emergency, remedial actions

to counter the effect of release of hazardous materials into the environment. Funding is to be recovered from the responsible party and fees collected from environmental impact statement assessments and variance reviews. The division expended about \$12,000 from the fund in FY86 for variance reviews and EIS costs. The June 1986 Special Session reduced the appropriation by \$50,000.

Staffing in the program decreases by .5 FTE. Part of a clerical position was transferred to the Occupation Health bureau, which deleted 1.0 FTE to absorb the five percent cut and unfunded portion of the FY87 pay plan.

The 1989 biennium budget recommendation does not increase much above the current level FY86 expenditure base. However, the total does increase due to the inclusion of \$100,000 to continue the environmental quality protection fund. Indirect costs, levied against personal services expenses funded by federal and state special revenues, are the primary reason that operations costs increase above FY86 actual. The biennial appropriation for the environmental quality protection fund is included in FY88, making total expenditures for that year higher than those in FY89.

The division is funded equally from junk vehicle disposal fee income and RIT interest income. Each source increases about \$3,200 above FY86 amounts to fund the program in the 1989 biennium.

#### SOLID WASTE BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	22.00	22.00	22.00
1000 Personal Services	\$ 461,859.36	\$ 597,941	\$ 598,194
2000 Operating	1,246,743.92	1,855,737	1,769,901
3000 Equipment	18,764.69	44,335	8,729
6000 Grants	629,612.59	785,616	803,630
Total Program Costs	\$2,356,980.56	\$3,283,629	\$3,180,454
01000 General Fund	\$ 75,855.35	\$ 75,713	\$ 75,289
02000 State Spec. Rev.	978,624.19	1,265,032	1,196,568
03000 Fed/Spec. Rev.	1,302,501.02	1,942,884	1,908,597
Total Funding Costs	\$2,356,980.56	\$3,283,629	\$3,180,454

#### Program Description

The Solid and Hazardous Waste bureau administers seven environmental health protection programs. Through these

activities, the bureau provides project management and coordination that includes local government involvement, air, water and hazardous waste concerns and liaison with the EPA and the general public.

The Montana Solid Waste Management Act provides for control over the disposal of solid wastes through licensing, technical assistance, inspection and enforcement activities. The majority of solid wastes are disposed of in municipal sanitary landfills and the above tasks are directed primarily toward these facilities.

The Refuse Disposal District Act is an enabling act that allows county governments to establish districts for the financing and management of solid waste disposal. The bureau provides technical assistance to county governments during the district formation process.

The Motor Vehicle Recycling and Disposal Act is a regulatory program that controls the disposal of junk motor vehicles and shielding of such disposal sites. The act requires the Department to license anyone with four or more junk vehicle and requires all junk vehicles to be screened from public view. The act also allows the department to make annual grants to each county to finance the establishment and maintenance of junk vehicle graveyards and to finance the collection of junk vehicles for placement in the graveyards. The department is responsible for removal of the junk vehicles and does so by selling the vehicles to recycling firms who crush and transport the cars to steel mills for recycling.

The Septic Tank Cleaner Act is a regulatory program that provides for licensing of septic tank pumpers. The licensing process includes approving the disposal site locations to be used for disposal of sewage.

The Montana Hazardous Waste Act is a regulatory program that controls generation, transport, treatment, storage and disposal of hazardous wastes. Persons treating, storing or disposing of hazardous waste must obtain a permit from the department. The department performs inspections, provides technical assistance, and, if necessary, takes enforcement actions.

The underground storage tank legislation was enacted in 1985 and is modeled after the federal law. Its purpose is to prevent leaks in underground storage tanks through identifying who has underground tanks and eventually requiring tank testing, inventory record keeping, ground-water monitoring, financial assurance for clean-up costs and implementing tank design and installation standards.

The Superfund Act allows the department to enter into agreements for investigating potentially hazardous disposal sites to determine if past disposal practices are resulting in threats to public health or the environment. The bureau also performs studies to determine the most cost-effective method of restoring a contaminated site. The bureau may contract for any necessary design and construction activities after selection of a clean-up method is made.

#### **Budget Issues**

The 1985 Legislature allocated six percent of the interest income from the RIT to implement the Montana Hazardous Waste Act and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA or superfund). Any unexpended RIT funds remaining at fiscal year end in 1987 are to be deposited to the general fund.

The department will propose legislation to allocate 12 percent of the interest income from the RIT to fund hazardous waste programs. Funding for operations costs will be limited to six percent of the income, similar to current law. The additional six percent will be used to fund the state participation in the natural resources lawsuit and the state match for federal superfund projects. The match will be paid either through cash payments or the sale of bonds. The legislation will establish a general obligation bonding authority. How-

ever, the total amount of outstanding general obligation superfund bonds will be limited to the amount that can be repaid by six percent of the interest income from the RIT.

The state may become responsible for ten percent of cleanup costs once a site in the superfund program progresses to the point that cleanup design plans are in the "blueprint" stage, if the party responsible for causing the pollution cannot be determined, or if the responsible party refuses to pay for cleanup. If the site is state-owned, the cost share becomes 50/50. Federal superfund legislation allows the EPA to sue responsible parties who refuse to fund the cleanup for treble damages. The state may recover its share of cleanup costs in such circumstances. The department is anticipating that about \$6.5 million will be needed over the 1989 biennium to fund the state share of superfund costs. A biennial appropriation of \$200,000 for the natural resources lawsuit will be proposed in the department legislation as well.

The solid waste program is the only function in the bureau that is financed by general fund. During FY86, the solid waste program, in conjunction with the junk vehicle program, relocated an FTE from Helena to Billings to better serve the eastern part of the state. Each program funds one-half of the position. The solid waste program left a position open in order to accrue sufficient funds to contribute to the purchase of a vehicle and relocation expenses for the employee. The 1989 biennium budget includes increases in rent and contracted secretarial services to fund the Billings office. Instate travel was increased because the base year budget was un-representatively low and would not have allowed the program to fulfill its legal obligations.

The junk vehicle program is funded from fees assessed on vehicle licenses and junk vehicle yard licenses. During the 1985 Legislative Session, \$500,000 was transferred from the junk vehicle account to the general fund. The recommended budget for this program increases over the FY86 almost \$200,000 each year of the 1989 biennium. The largest increase is attributable to a \$100,000 per year contingency fund in contracted services that the program may use to pay for the transport of junk vehicles to crushing yards. Historically, the price of scrap metal has offset the cost of such transportation. However, the scrap metal prices have fallen recently and there is some concern that the value of the recycled metal will not fund the cost of transporting the junk vehicles. The 1985 Legislature appropriated the same amount for a contingency fund. Operating costs increase to fund the cost of gasoline, vehicle maintenance, rent and contracted secretarial services for the .5 FTE located in Billings. Funds are included also for a public information campaign to increase public awareness of the junk vehicle program. Grants are made to counties to help fund county junk vehicle programs. Total grants increase above FY86 actual costs almost \$180,000 in FY88 and \$160,000 in FY89.

The leaky underground storage tank program (UST) was established by HB 676 in the 1985 Legislature. Five FTE were authorized for the program. It is financed by federal funds requiring a 25 percent state match, which is funded by RIT monies in the proposed budget for the 1989 biennium. Junk vehicle fees were used as a match when the program first started and the required state match was 5 percent in FY86 and increased to 15 percent in FY87. The recommended budget increases almost \$100,000 over FY86 expenditures due to annualization of program costs. Federal funds for the UST program were received late in FY86, delaying start of the program. A contract for tank survey notification follow-up is included in FY88, resulting in a total program cost that is \$20,000 higher in FY88 than in FY89.

The hazardous waste program is federally funded with a 25 percent state match from the RIT. HB922 appropriated RIT funds to develop a hazardous waste collection and transfer station. The department is expecting a report on the project in December 1986 that will be available for the 1987 Legislature. The recommended budget for this program increases from about \$308,000 in FY86 to about \$393,000 each year of the 1989 biennium. Cost increases are caused largely by annualization of some program costs. Federal monies to fund implementation of federal rules governing generators of small quantities of hazardous waste were received mid way through FY86. The 3.5 new FTE authorized by the 1985 Legislature to run the small quantity generator program were not hired until those funds were received. Also an increase was budgeted in laboratory fees to increase testing for compliance monitoring and contamination of sites.

The recommended superfund program budget is \$1.5 million per year of federal funds to continue current level activities. Contracted services increase about \$500,000 to continue site investigations and data gathering. Other operations costs increase moderately to fund aerial site surveillance and computer maintenance costs. FY88 contains a biennial appropriation of \$60,000 in RIT to fund clean up emergency spills of hazardous materials and to perform state-funded investigations of potential superfund sites.

The Executive Budget recommends language be included in the General Appropriations Act that the authority for RIT interest income to match federal expenditures on superfund projects moving to the design and remedial action stage be authorized by budget amendment as the federal project funds are received. The department expects the state match to be about \$6.5 million in the 1989 biennium, \$2.5 million in FY88 and \$4 million in FY89.

#### Modification Requests

An additional 1.5 FTE and associated operating costs have been recommended for the UST program. One full-time environmental specialist and a half-time attorney have been requested. Federal funds and RIT interest income fund this modification.

FY88 = \$47,958

FY89 = \$47,101

The recommendation for the superfund modified budget has 3.0 FTE including a half-time attorney, a half-time administrative aide, an information officer, and an accountant. Operating costs and equipment for the new employees are included. The largest share of the modified recommendation is in contracted services to allow continued and expanded investigations of superfund sites. The contracted services costs account for all but about \$100,000 of the total cost. The superfund modified request is federally funded.

FY88 = \$4,127,181

FY89 = \$5,317,841

#### AIR QUALITY BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	19.50	18.50	18.50
1000 Personal Services	\$560,958.93	\$544,296	\$543,719
2000 Operating	220,093.52	301,745	302,959
3000 Equipment	1,609.33	36,310	35,960
6000 Grants	99,000.00	101,291	101,291
Total Program Costs	\$881,661.78	\$983,642	\$983,929
01000 General Fund	\$317,517.90	\$320,657	\$320,657
02000 State Spec. Rev.	544.68		
03000 Fed/Spec. Rev.	563,599.20	662,985	663,272
Total Funding Costs	\$881,661.78	\$983,642	\$983,929

#### Program Description

The Air Quality bureau is responsible for the implementation of the Montana and Federal Clean Air acts (75-2-101 and 42 USC 7401 et. seq., respectively). These acts require the Department to attain and maintain air quality levels in the outdoor atmosphere considered safe to public health and welfare. The programs necessary to accomplish this task include:

**Permit Review.** Reviews of facilities before construction begins are conducted to assure compliance with air quality standards are maintained.

**Inspections/Enforcement.** To assure continued compliance with air quality standards, a scheduled program of inspections is followed with enforcement actions taken where appropriate.

**Ambient Air Quality Monitoring.** Continued surveillance of the air quality status across the state is provided by over 60 monitoring stations.

**State Implementation Plan (SIP).** The SIP is the primary vehicle used to develop plans to bring areas currently out of compliance with ambient air quality standards down to levels which are considered safe.

**Special Studies.** Special studies are conducted to solve or research various air quality issues. Some of the more promi-

nent issues have been: a. East Helena Childhood Lead Study, b. Billings Sulfur Dioxide Source Apportionment Study, and c. Libby Particulate Study.

**Information Requests.** The bureau responds to numerous requests for information about the nature of air quality in their area and complaints about various facilities.

#### Budget Issues

The staffing of the Air Quality bureau decreases by 1.0 FTE due to the elimination of a position to offset the unfunded portion of the FY87 pay plan. The general fund appropriation represents the required level of effort - it may not fall below the amount in the previous year. The general fund budgeted in the 1989 biennium equals the amount appropriated for FY87.

The program budget recommendation is about \$100,000 higher than FY86 expenditures. Anticipated federal grant revenues fund the increase. Most of the rise in expenses is attributable to contracted services, indirect costs and equipment purchases. Contracted services include increases in laboratory testing and a statewide monitoring network. Indirect costs assessed against federally-funded personal services expenses account for almost one-half the budget increase. Purchase of two replacement vehicles is included.

## OCCUPATIONAL HEALTH BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	5.00	3.50	3.50
1000 Personal Services	\$123,114.82	\$122,215	\$122,087
2000 Operating	35,367.33	37,571	37,472
3000 Equipment	1,225.50	1,125	
Total Program Costs	\$159,707.65	\$160,911	\$159,559
01000 General Fund	\$159,707.65	\$160,911	\$159,559
03000 Fed/Spec. Rev.			
Total Funding Costs	\$159,707.65	\$160,911	\$159,559

**Program Description**

The Occupational Health bureau administers the Radiological and Occupational Health programs.

Radiological Health (MCA 75-3-101 through 502) provides: inspections of approximately 2000 X-ray units for safety, calibration and quality assurance; special studies to determine human health risks resulting from exposures to naturally-occurring and technologically-enhanced radionuclides; response to all emergencies in Montana involving radioactive materials; and technical assistance to users of radiation and radioactive materials to assure proper safety procedures.

Occupational Health (MCA 50-70-101 through 118) provides: field investigations, technical assistance and information in response to about 600 requests per year; special studies of hazardous occupational exposures in selected categories of workplaces; technical assistance regarding occupational health problems to local governments and other indi-

viduals and agencies; and emergency response assistance during incidents involving hazardous or toxic materials.

**Budget Issues**

The 1985 Legislature authorized an additional FTE for the Occupational Health bureau to be funded from fees assessed for inspections of x-ray machines. Because the department did not institute the fee system, the FTE was not hired.

The program eliminated 1.0 clerical FTE due to the five percent cut and to offset the unfunded portion of the FY87 pay plan. A .5 clerical was transferred to the program from the Environmental Sciences Division Administration, however.

The 1989 biennium budget maintains FY86 current level expenditures. A small increase in contracted services allows the program to purchase samples to test the accuracy of chemical analysis of selected substances. The purchase of a new piece of equipment was included in FY88.

## WATER QUALITY BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	40.25	40.25	40.25
1000 Personal Services	\$1,118,913.89	\$1,168,110	\$1,167,873
2000 Operating	477,740.93	520,462	518,753
3000 Equipment	23,316.89	25,154	10,848
6000 Grants	106,635.00	124,233	128,797
Total Program Costs	\$1,726,606.71	\$1,837,959	\$1,826,271
01000 General Fund	\$ 374,964.80	\$ 401,775	\$ 400,435
02000 State Spec. Rev.	65,979.24	84,714	82,203
03000 Fed/Spec. Rev.	1,285,662.67	1,351,470	1,343,633
Total Funding Costs	\$1,726,606.71	\$1,837,959	\$1,826,271

**Program Description**

The Water Quality bureau is responsible for administering Montana's Water Pollution Control, Sanitation in Subdivisions, Water and Wastewater Operators Certification and the Safe Drinking Water Acts. To carry out these responsibilities the bureau performs the following principle activities:

**Water Supply** - About 2,000 public community and non-community supplies are monitored by water testing, inspections and plan review.

**Construction Grants** - The federal construction grant program makes funds available to assist municipalities in the construction of sewage treatment facilities. Project priorities are determined, plans are reviewed and construction inspections are provided.

**Permits and Enforcement** - The bureau administers both federal and state wastewater discharge permit acts by issuing

permits, reviewing monitoring reports and treatment plans, inspecting facilities and providing enforcement.

**Water Quality Management** - This section monitors water quality in streams and provides water quality assessments and cleanup plans for problem areas.

**Water and Wastewater Operator Certification and Training** - Persons in responsible charge of water supply and wastewater treatment facilities are required to be certified. Study material is provided and examinations are given. About 1,200 operators are certified.

**Subdivisions** - Proposed parcels of less than 20 acres are reviewed to ensure that adequate water supplies and sewage disposal is provided.

**Groundwater Pollution Control** - The bureau responds to complaints of groundwater pollution and reviews and approves plans for activities that may pollute groundwater.

**Water Pollution Control** - The bureau is responsible for the investigation of all alleged violations of water quality laws

and regulations. This involves complaint investigation and review of major projects that may have a water quality impact.

#### Budget Issues

The proposed budget for the Water Quality bureau increases about \$100,000 in the 1989 biennium. About one-half of the amount can be attributed to higher personal services costs. Current level staffing increases by 1.0 FTE over FY87 due to a determination by the IRS that an independent contractor for the safe drinking water program did not fulfill the criteria for such status and must be an FTE of the state. In FY86, 1.0 FTE was added for that year only to complete the Clark Fork River study. The reasons for the remainder of the higher level of costs will be discussed in the following program narratives.

The subdivision program is financed by general fund. Fees charged for subdivision review are split between grants to counties and deposits to the general fund. Most costs are budgeted at FY86 actual expenditures, with personal services costs rising about \$20,000 from FY86 to the 1989 biennium. Total program expenditures were about \$123,000 in FY86 and are budgeted at \$137,834 in FY88.

The water quality management program expended about \$193,000 in FY86. The recommended budget is about \$3,000 less in FY88 and \$6,000 less in FY89. Most of the reduction is in contracted services costs, more than offsetting cost increases in personal services and rent. This program includes a portion of the cost of a replacement vehicle to be purchased for the Billings office in conjunction with the safe drinking water and water permits programs. This program has general and federal funds. The amount budgeted for each revenue source falls from the amount expended in FY86.

The safe drinking water program increases by 1.0 FTE due to the determination by the IRS that an independent contractor did not meet the criteria established for contractors. The FTE was added into current level and contracted services and grants were reduced to fund the incremental cost. Most operational costs were budgeted at FY86 actual. This program budget includes a portion of the cost for a replacement vehicle for the Billings office. This program is funded 25 percent by general fund and 75 percent by federal funds.

The recommended budget for the federally-funded water permits program (205g federal funds) increases about \$15,000 each year of the 1989 biennium above actual expenditures for FY86. The majority of the increase is attributable to indirect costs assessed against personal services costs paid by federal funds. All operating costs were budgeted at FY86 actual with the addition of a portion of the cost for a replacement vehicle for the Billings office in FY88.

The water pollution control program must maintain a level of general fund as determined through negotiations with EPA. During FY86 the required level of effort was increased about \$13,000 to \$85,386. The recommended budget for the program increases above FY86 actual expenditures about \$80,000 each year of the biennium. Approximately \$12,000 of the higher expenses is due to personal services costs, about \$26,000 is due to indirect costs assessed against federally-funded personal services, and the balance is largely attributable in higher contracted services costs.

The construction grant program is federally funded and its federal fiscal year 87 allotment for project grants is likely to be reduced because the federal appropriation for such purposes is lower than anticipated. The recommended budget includes construction grants to local governments at a level nearer to FY86 actual than the anticipated federal allocation in FY87. The recommended budget is based on FY86 expenditures with the exception of increases in personal services costs, and in contracted services. Equipment purchases for a personal computer and software are included.

The ground water program was instituted by the 1985 Session. It includes 1.0 FTE and operating expenses. The program is federally funded. The recommended budget increases about \$35,000 over FY86 expenditures due to contracted services (\$21,000) and equipment (\$7,400). A vehicle and personal computer are included in equipment purchases.

The waste water operators program is entirely fee funded. Expenses increase over FY86 actual due to travel for advisory council members and equipment costs for a personal computer.

#### Modification Requests

This modification request allows the Water Quality bureau to expend the balance of a federal grant approved by a budget amendment to automate water permits. A .5 FTE is included in FY88 to complete the project.

FY88 = \$9,426

FY89 = \$0

This modified budget recommendation would add .25 FTE in FY88 and an additional .25 FTE in FY89 to the waste water operators program. The total FTE would allow the program one-full time position.

FY88 = \$11,899

FY89 = \$18,110

The third budget modification for the Water Quality bureau is proposed in response to changes required by the amendments to the federal Safe Drinking Water Act. Funding is requested for contracted services to begin establishment of a program to prevent contamination of public water supplies. The state is responsible for 25 percent (\$66,667) of the total cost.

FY88 = \$266,667

FY89 = \$266,667

#### FOOD AND CONSUMER SAFETY BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	9.00	8.00	8.00
1000 Personal Services	\$255,364.98	\$259,001	\$258,716
2000 Operating	51,977.79	51,994	51,944
3000 Equipment	1,839.74	327	327
6000 Grants	203,796.00	207,000	208,000
Total Program Costs	\$512,978.51	\$518,322	\$518,987
01000 General Fund	\$309,182.51	\$311,322	\$310,987
02000 State Spec. Rev.	203,796.00	207,000	208,000
Total Funding Costs	\$512,978.51	\$518,322	\$518,987

#### Program Description

The Food and Consumer Safety bureau is charged with the administration of 13 laws which deal with the Food, Drug,

and Cosmetic Act; food serving establishments; public accommodations; mobile home parks and campgrounds; swim-



ming pools; mosquito control; schoolhouses; the Clean Indoor Air Act; institutions and jails; pesticide control; upholstery control; nuisances and the general state and local board of health laws.

The bureau is the primary provider of continuing education, field training consultation, and technical and general support to 62 sanitarians employed by 35 local public health jurisdictions which serve 55 of Montana's 56 counties.

#### Budget Issues

The Food and Consumer Safety program FTE decrease by one because a sanitarian position was eliminated to meet the five percent cut and unfunded portion of the pay plan in FY87. The recommended budget for this program increases very little above FY86 actual expenditures. Personal services costs, rent and grants to counties account for the \$6,600 rise in costs.

#### HLTH SER & MED FAC DIV. Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	Recommendation FY 1989
Full Time Equivalent Employees	76.29	74.00	81.50	81.50
Personal Services	2,061,080.57	2,033,637	2,294,177	2,294,697
Operating Expenses	2,204,914.63	6,808,381	2,275,116	2,235,589
Equipment	75,927.92	5,450	38,402	109,133
Grants	5,104,708.41	3,925,534	2,691,620	2,702,923
Benefits and Claims	4,437,246.36	0	4,799,325	4,991,298
<b>Total Program Costs</b>	<b>\$13,883,877.89</b>	<b>\$12,773,002</b>	<b>\$12,098,640</b>	<b>\$12,333,640</b>
General Fund	1,362,854.84	955,272	1,271,182	1,264,812
State Special Revenue Fund	14,990.92	44,567	44,830	44,830
Federal & Other Spec Rev Fund	12,506,032.13	11,773,163	10,782,628	11,023,998
<b>Total Funding Costs</b>	<b>\$13,883,877.89</b>	<b>\$12,773,002</b>	<b>\$12,098,640</b>	<b>\$12,333,640</b>
Current Level Services	13,746,907.36	12,773,002	11,427,646	11,601,173
Modified Level Services	136,970.53	0	670,994	732,467
<b>Total Service Costs</b>	<b>\$13,883,877.89</b>	<b>\$12,773,002</b>	<b>\$12,098,640</b>	<b>\$12,333,640</b>

#### Program Description

The Health Services Division was reorganized and now consists of six bureaus: Nursing bureau, Family/Maternal and

Child Health bureau, Preventive Health Services bureau, Health Planning and Resource Development bureau, Licensing and Certification bureau, and Emergency Medical Services bureau.

#### DIVISION ADMINISTRATION - HS/MF

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	1.90	1.75	1.75
1000 Personal Services	\$ 66,865.57	\$ 65,107	\$ 65,249
2000 Operating	2,677.97	4,751	4,735
Total Program Costs	\$ 69,543.54	\$ 69,858	\$ 69,984
01000 General Fund	\$ 36,618.38	\$ 35,963	\$ 36,089
03000 Fed/Spec. Rev.	32,925.16	33,895	33,895
Total Funding Costs	\$ 69,543.54	\$ 69,858	\$ 69,984

#### Program Description

The Health Services Division Administration manages the operations of the division, has direct responsibility for development and communication of division policy and advisory responsibility on department policy, and manages the resources of the division.

The six bureaus managed by this Division Administration are shown in detail as follows.

#### Budget Issues

The Division Administration program for the Health Services and Medical Facilities Division shows a decrease of .1

FTE from the FY87 budgeted level. However, .15 FTE was eliminated due to the five percent reduction in FY87 and .75 FTE was transferred into the program. The .75 administrative FTE was put into a modified request because funding for associated personal services costs moves from federal to general fund.

The total cost of the recommended budget for the program remains at current level. Personal services costs decrease, but rent and travel costs increases offset the decline.

#### Modification Request

A modified current level request is recommended to replace discontinued federal funding with general fund for portions



of two administrative positions in Division Administration. The federal health planning funding was not re-authorized,

reducing federal monies to the Health Planning bureau. This request would fund .75 administrative FTE.

FY88 = \$33,468

FY89 = \$33,522

### FAMILY/MATERNAL CHILD HEALTH BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	22.00	22.50	22.50
1000 Personal Services	\$ 566,245.02	\$ 609,853	\$ 610,028
2000 Operating	997,857.41	1,138,906	1,121,216
3000 Equipment	45,071.25	25,396	17,956
6000 Grants	5,091,638.41	2,674,592	2,685,822
7000 Benefits & Claims	4,437,246.36	4,799,325	4,991,298
Total Program Costs	\$11,138,058.45	\$9,248,072	\$9,426,320
01000 General Fund	\$ 40,127.83	\$ 69,794	\$ 69,984
03000 Fed/Spec. Rev.	11,097,930.62	9,178,278	9,356,336
Total Funding Costs	\$11,138,058.45	\$9,248,072	\$9,426,320

#### Program Description

The Family/Maternal and Child Health bureau has overall administrative responsibility for the following programs:

- (1) The special supplemental food program for women, infants and children (WIC) provides several services to pregnant women, infants and children up to age five, who are income-eligible and at nutritional risk. These services include education and counseling to improve eating behaviors; provision of selected foods to supplement diets; and access to preventive health programs and referral to private and public health providers.
- (2) The Child Nutrition program provides cash reimbursement for meals meeting specific nutritional requirements which are served to children enrolled in licensed/approved day care centers, Head Start programs, day care homes, and others.
- (3) The Handicapped Children's Services program provides diagnostic, evaluation and treatment services for children from birth to 18 for a specific and limited number of chronically handicapping conditions. Services are provided to low-income families who are not covered by Medicaid or private insurance.
- (4) Nutrition Consultation integrates nutrition services into existing health programs, such as nursing and dental as well as WIC, CN, HCS and Family Planning and assures that trained, qualified persons provide acceptable nutrition services to specific populations in order to promote and provide appropriate nutrition services.
- (5) The Family Planning program provides quality comprehensive family planning services through local agencies to women ages 15-44 at risk of unwanted pregnancy who are income eligible in order to reduce unwanted and mistimed pregnancies.

The Family/Maternal and Child Health Bureau Administration activities entail coordination of the above individual programs and responsibilities to provide medical direction for the metabolic screening program, Handicapped Children Services program, and Family Planning program.

#### Budget Issues

The Maternal and Child Health bureau (MCH) is the new name given to the clinical program as part of the reorganization of the department. Family planning was transferred from the Nursing bureau resulting in a net increase of .5 FTE. Child nutrition, the special supplemental food program for women, infants and children (WIC) and handicapped children's services remained in the bureau. The Montana perinatal program was transferred to the new Preventive Health bureau, also within the Health Services and Medical Facilities Division. The maternal child health block grants to counties were transferred to the MCH bureau from the Director's Office.

Bureau administration receives the only general fund allocated to programs within the MCH bureau. General fund increases about \$29,000 as the administrator's position is reinstated at a full FTE. It had been reduced to .75 FTE as part of the FY87 five percent reduction.

The child nutrition program is federally funded. Total program costs decrease over \$2 million per year because the grants will be treated as non-budgeted agency funds. Responsibility for the child nutrition audits was transferred to this program from the fiscal program in the Support Services bureau.

The family planning program 1989 biennium budget maintains current level expenditures. Operating cost increases were allowed for printing and clinic expenses. Purchase of two personal computers and software is included. Grants to local agencies increase about \$20,000 per year.

The WIC program is federally funded. The 1989 biennium budget increases about \$300,000 in FY88 and \$500,000 in FY89. The bulk of the increase is attributable to a higher grants budget. Contracted services costs decrease about \$50,000 due to the proposed in-house automation of WIC payment data (see modified budget requests).

The recommended budget for the handicapped children's program increases about \$25,000 over current FY86 level. The program is funded entirely from MCH block grant funds. Increases are granted for contracted medical services. It is the intent of the budget recommendation that these funds be used to provide treatment for more individuals and not to increase reimbursement rates to service providers.

#### Modification Request

The MCH bureau budget includes one modified request to provide on-line data entry for the WIC program. The request federally funds 1.0 FTE data entry operator and

associated operating costs. Equipment purchases of \$85,100 are budgeted in FY89.

FY88 = \$49,083

FY89 = \$127,806

#### NURSING BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	15.50	2.00	2.00
1000 Personal Services	\$168,088.52	\$75,280	\$75,180
2000 Operating	29,383.13	20,183	20,154
Total Program Costs	\$197,471.65	\$95,463	\$95,334
01000 General Fund	\$170,157.64	\$95,463	\$95,334
03000 Fed/Spec. Rev.	27,314.01		
Total Funding Costs	\$197,471.65	\$95,463	\$95,334

#### Program Description

1. The Nursing bureau has primary responsibility for education and consultation for Montana's 369 community health nurses. The three major programs are: 1) public health nursing, 2) school health services; and 3) home health services.

In carrying out the mandate of 50-1-202 (11), the professional nursing staff of the bureau develop and promote standards for community health nursing services, including assurance that the legal requirements for nursing practice are met in the community setting. Additionally, staff monitor and evaluate quality assurance and patient care standards in direct-service clinics, including well-child and residential child care health services; provide public and professional education and consultation; develop educational, technical and other materials for local providers of public health, school and home health nursing services. Evaluation of local health services and participation in recruitment and hiring of locally-employed staff are also responsibilities of the generalized nursing consultation staff. Staff of the bureau assume division-wide responsibilities and provide input into the professional nursing component of the MCH

block grant to counties; inborn errors of metabolism; and Sudden Infant Death (SIDS); WIC; communicable disease control, including school nursing consultation regarding AIDS. Professional supervision of nurses employed in the Preventive Health, Family/MCH, and Nursing bureaus is provided by the bureau chief.

#### Budget Issues

Several programs included in the Nursing bureau were transferred to the MCH and Preventive Health bureaus as a part of the departmental reorganization. FTE decline by 4.0 due to the transfer of the family planning program to the MCH bureau. Transfer of the immunization, sexually-transmitted diseases and communicable disease programs to the Preventive Health bureau reduced FTE by another 8.5 FTE. One full-time position was eliminated from the Nursing bureau to absorb the five percent cut and unfunded portion of the pay plan in FY87.

The recommended 1989 budget is very close to FY86 actual expenditures for the bureau. Personal services and rent costs increase slightly, other operations expenses were held to FY86 actual. Program financing is 100 percent general fund.

#### PREVENTIVE HEALTH BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	13.40	13.00	13.00
1000 Personal Services	\$ 345,293.22	\$392,965	\$393,539
2000 Operating	710,317.20	529,807	530,610
3000 Equipment	4,598.85	5,400	327
6000 Grants	13,070.00	13,044	13,044
Total Program Costs	\$1,073,279.27	\$941,216	\$937,520
01000 General Fund	\$ 473,603.13	\$223,888	\$223,904
03000 Fed/Spec. Rev.	599,676.14	717,328	713,616
Total Funding Costs	\$1,073,279.27	\$941,216	\$937,520

#### Program Description

The Preventive Health bureau has administrative responsibility for the following programs:

The Montana perinatal program (MPP) administers educational projects directed towards improving the outcome of pregnancy.

The dental program consists primarily of dental prevention projects such as fluoride mouthrinse and screening pro-

grams. Forty-six counties and 390 school systems currently participate in the programs. Over 75,000 children receive dental health education pertaining to proper diet, brushing and flossing techniques.

The hypertension program establishes and maintains preventive health projects which include screening, education, referral and compliance for elevated blood pressure treat-

ment. The program works through state-local partnerships, providing funds on a competitive basis.

The health education risk reduction (HERR) program delivers services through state-local partnerships which include behavioral risk surveillance, health risk appraisals (3000 + annually), community health promotion activities and educational programs on personal health risks and change.

The health promotion and education (HP & E) program manages resources and activities directed at promoting health and reducing disease.

The behavioral risk surveillance (BRS) program identifies and monitors major risk factors occurring in the population of Montana.

The immunization program includes monitoring of the school immunization law, and assures adequate immunization levels of Montana children by providing vaccine to 82 public providers.

The communicable disease program provides surveillance and outbreak control for approximately 100 reportable communicable diseases.

The sexually-transmitted disease (STD) program consists of casefinding, treatment, and prevention of sexually transmitted disease, including inter- and intra-state referral and coordination.

The rabies program provides professional consultation and vaccine (as necessary) to persons potentially exposed to rabies through animal bite or other exposure.

The End Stage Renal Disease program (ESRD) assists Montanans who have chronic end stage renal disease as verified by a nephrologist. The program, funded by general funds, assists with medicare co-insurance payments and "medicare disallows" for eligible services.

The rape/crisis program supports local level intervention and education efforts for law enforcement and social service agencies across the state.

The Montana AIDS project is responsible for health education/risk reduction of general population (low-risk), allied health professionals, and specific high-risk groups, as well as administrative responsibility for testing and counseling of those persons in the high-risk categories. Additionally, the project is responsible for AIDS morbidity/mortality surveillance and reporting. Screening of the State blood supply is also monitored by the project.

#### **Budget Issues**

The Preventive Health bureau was created as part of the departmental reorganization. The Montana perinatal program was transferred from the clinical bureau to the PH bureau and the dental and health education bureau became part of the new bureau. Several programs were transferred from the Nursing bureau including: communicable disease, sexually-transmitted diseases, and immunization. The rape crisis program was transferred from the Director's Office.

A \$520,000 biennial general fund appropriation for a genetics program was approved by the 1985 Legislature. A fee was assessed against health insurance policies and the income deposited to the general fund to offset the cost of the program. The appropriation for the genetics program was reduced as part of the five percent cut in FY87. The 1989 biennium budget does not include the genetics pro-

gram, causing a decrease in the amount of general fund included in the bureau budget.

The Montana perinatal program accounts for about one-fifth of total bureau costs. The proposed budget increases about \$14,000 above current level. Personal services costs and equipment purchases account for most of the expenditure growth. A personal computer and software are included in the program budget.

The immunization program accounts for almost one-third of the total bureau budget. The proposed budget for this program includes an increase of about \$95,000 to offset the increase in the cost of vaccines. Most other operating expenses are held to current level in FY86. The general fund portion of the budget for this program pays 20 percent of personal services and instate travel costs. The balance of the program is federally funded.

The communicable disease program is financed entirely by general fund. The 1989 biennium budget holds expenses to current level FY86 costs, except for small increases in the personal services budget. Total program costs are about \$43,300 each year.

The sexually-transmitted diseases program is funded by a federal categorical grant and general fund. Like the immunization program, general fund expenses are limited to 20 percent of the personal services costs and instate travel. The recommended budget increases about \$9,000 over current level FY86. The bulk of difference is due to the indirect costs assessed against the federally-funded portion of personal services.

The dental program has general fund and monies from both block grants allocated to its budget. The recommended budget decreases from FY86 current level although increases are included for the purchase of fluoride and toothbrushes.

The health promotion and education project used to be part of the Dental bureau. The proposed budget is lower than FY86 actual costs by a small amount, largely attributable to decreases in travel, communications costs, and personal services as the program reduced .4 FTE to meet FY87 general fund cuts.

Other programs included in the PH bureau include: rape crisis, funded by \$11,970 of preventive health block grant funds; the renal program, funded by \$125,000 general fund; and the rabies vaccine program, funded by federal monies.

#### **Modification Request**

The Montana AIDS project provides continued funding for 2.0 FTE and operating expenses to develop and conduct community education projects. The project was started in the 1987 biennium by budget amendment.

FY88 = \$84,046

FY89 = \$84,030

The second modified budget request related to the AIDS project would allow the expenditure of remaining grant funds on contracted services for AIDS counseling and testing. Expenditure authority was approved by budget amendment in the 1987 biennium.

FY88 = \$10,334

FY89 = \$0

The health promotion and education modified request would establish a monthly system of surveillance for behavior health risks. The annual amount of federal authority represents the first two years of a five-year grant.

FY88 = \$11,000

FY89 = \$11,000

## EMERGENCY MEDICAL SERVICES BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	9.35	8.20	8.20
1000 Personal Services	\$235,123.47	\$220,822	\$220,802
2000 Operating	231,125.28	271,196	271,014
3000 Equipment	1,594.86	5,000	5,000
Total Program Costs	\$467,843.61	\$497,018	\$496,816
01000 General Fund	\$284,434.45	\$268,025	\$267,960
02000 State Spec. Rev.	14,990.92	44,830	44,830
03000 Fed/Spec. Rev.	168,418.24	184,163	184,026
Total Funding Costs	\$467,843.61	\$497,018	\$496,816

**Program Description**

The Emergency Medical Services bureau is responsible for the planning, development and implementation of a comprehensive state emergency medical services program (MCA 50-6-101-104), and serves as a coordinating mechanism for the various elements comprising the statewide system. Following are activities of the EMS bureau.

Statewide planning including the writing and enforcement of an emergency medical services plan covering all components of a comprehensive emergency medical services system.

Management of Montana Ambulance Licensing program (MCA 50-6-301 316, ARM 16.30.101-210) which includes issuance of licenses, annual inspections and reinspections and investigation of complaints and violations.

Training programs for emergency medical technicians at basic, intermediate and paramedic levels (MCA 50-6-201).

Management of the Montana Poison Control System including providing methods of public access and provision of public and professional education.

Provision and management of a Montana First Responder training program - an emergency medical training program for law enforcement, fire and other public safety members of the emergency medical services system.

Training of rural emergency room nurses and the coordination of the Advanced Trauma Life Support program for physicians.

Provision of technical assistance to local EMS providers and trainers including the writing and dissemination of a variety of training manuals and handbooks, and responding to numerous requests for on-site technical assistance.

**Budget Issues**

The 1985 Legislature authorized the Emergency Medical Services bureau to provide additional advanced training seminars financed by fee income. Total training fee income was projected to be about \$45,000. During FY86, the bureau collected about one-third of the estimated income.

Bureau FTE decrease by 1.15 positions. These FTE were deleted to meet the five percent reduction and the unfunded portion of the pay plan.

The proposed budget for the EMS bureau includes increased preventive health block grant funds and fee income. Most expenses are held to FY86 actual, with the exception of some costs related to increased training services. This budget recommendation intends that fee income support expanded training efforts.

General fund decreases from FY86 to FY88 mostly as a result of the decrease in personal services costs. Other operational costs are budgeted at FY86 actual.

## HEALTH PLAN AND RESOURCE DEVELOP

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	9.00	4.75	4.75
1000 Personal Services	\$235,996.20		
2000 Operating	68,077.33		
3000 Equipment	2,717.33		
Total Program Costs	\$306,790.86		
01000 General Fund	\$114,157.06		
03000 Fed/Spec. Rev.	192,633.80		
Total Funding Costs	\$306,790.86		

**Program Description**

The Bureau of Health Planning and Resource Development produces the state health plan, related plans, and planning research; administers the state Certificate of Need program for medical facilities; and collects, maintains, and distributes health facility, service and manpower data.

**Modification Request**

The Health Planning and Resource Development bureau was a current level program in the 1987 biennium, but is

being presented as a modified level request for two reasons. First, federal health planning funds were not re-authorized. Such funds were budgeted to provide about 63 percent of the total cost of the bureau program. Second, the state certificate of need (CON) law will sunset at the end of FY87.

The bureau reduced FTE by 4.25 positions when federal funding was cut. Operational expenses were pared to reflect a smaller staff.

The department is proposing legislation to continue CON for an additional two years. The legislation will establish fees for certain types of CON applications. The fee income will be deposited to the general fund to offset the increased state commitment to the program.

This modified request represents the level of funding necessary to carry the program for two years and update the state health plan. In order to maintain the program at the proposed level, the general fund allocation increases about \$62,000 over FY86 expenditures.

FY88 = \$176,107

FY89 = \$170,483

#### LICENSING & CERTIFICATION BUREAU

	Actual FY86	Recommended Current FY88	Recommended Current FY89
FTE	16.35	16.05	16.05
1000 Personal Services	\$443,468.57	\$442,942	\$443,080
2000 Operating	165,476.31	131,702	131,619
3000 Equipment	21,945.63	1,375	500
Total Program Costs	\$630,890.51	\$576,019	\$575,199
01000 General Fund	\$243,756.35	\$242,072	\$241,705
03000 Fed/Spec. Rev.	387,134.16	333,947	333,494
Total Funding Costs	\$630,890.51	\$576,019	\$575,199

#### Program Description

The Licensing and Certification bureau is responsible for monitoring the operation, maintenance, and design of various health care facilities and related services including hospitals, long-term care facilities, home health agencies, medical laboratories, outpatient physical or speech therapists and facilities, renal dialysis units, ambulatory surgical centers, mental health and retardation treatment facilities, hospice, swing beds and chemical dependency treatment facilities.

The bureau has legal authority to issue licenses, grant Medicaid certification, and recommend Medicare certification for facilities and services that meet regulations. It has the legal responsibility to promulgate and revise licensing regulations, to investigate and act upon citizens' complaints, and to revoke the license or certification of any facility or service which falls below minimum standards and jeopardizes the health or safety of the patients or clients.

The surveyors and supervisory staff provide continuing consultation services to all providers and information to the public and government and private agencies.

#### Budget Issues

The Licensing and Certification program funding must be allocated equally between general fund, Medicaid funds and Medicare funds according to federal mandate. General fund actually contributes more than one-third of the total funds because federal Medicaid funds require a general fund match.

Although the program appropriation must be budgeted between funding sources, reimbursement is made according

to allocation of staff time to each licensing and certification area. During FY86 more time was spent on Medicaid and Medicare certification than on state licensure activities. The program had excess general fund authority that was used to pay the settlement in the family planning lawsuit (about \$58,000) and to purchase three personal computers that are in use in the Director's Office and Legal program.

During FY87, program FTE were reduced by .3 FTE due to the general fund reductions in the department budget. The position was jointly shared with division administration, dental and EMS.

The 1989 biennium recommended budget is lower than FY86 expenditures because of the increased amount of federal reimbursement that the program received due to allocations of staff time. Most costs are budgeted at FY86 actual, except contracted services which declines from the FY86 base. The decrease is due to an IRS ruling that an independent contractor hired by the program does not meet the criteria for a contractor and must be hired as a program employee.

#### Modification Request

The modified budget for this program includes an additional 9.5 FTE and associated operating costs. The positions include 2.5 that were authorized by program transfer in FY86; 1.0 FTE that must be hired as an employee and cannot remain as an independent contractor; and 6.0 FTE included and approved in the program budget submission to the federal Health Care Financing Administration. General fund contributes 41% of the cost.

FY88 = \$306,956

FY89 = \$305,626

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	2,005.50	1,985.75	1,869.64	1,863.64
Personal Services	52,885,941.23	52,025,032	52,945,994	52,949,994
Operating Expenses	222,780,620.27	203,322,545	152,918,455	145,779,812
Equipment	3,685,817.16	5,871,264	6,397,413	6,145,081
Capital Outlay	2,241,454.86	2,858,108	3,446,980	1,801,630
Grants	14,282,777.84	300,000	282,778	282,778
Transfers	31,020,070.48	16,563,599	18,240,197	18,023,089
Debt Service	16,914.59	8,502	16,915	16,915
<b>Total Agency Costs</b>	<b>\$326,913,596.43</b>	<b>\$280,949,050</b>	<b>\$234,248,732</b>	<b>\$224,999,299</b>
State Special Revenue Fund	183,387,074.13	152,048,344	123,539,273	113,712,062
Federal & Other Spec Rev Fund	129,073,261.09	114,992,701	94,258,614	94,799,079
Proprietary Fund	14,453,261.21	13,908,005	16,450,845	16,488,158
<b>Total Funding Costs</b>	<b>\$326,913,596.43</b>	<b>\$280,949,050</b>	<b>\$234,248,732</b>	<b>\$224,999,299</b>
Current Level Services	326,857,650.12	280,949,050	234,248,732	224,999,299
Modified Level Services	55,946.31	0	0	0
<b>Total Service Costs</b>	<b>\$326,913,596.43</b>	<b>\$280,949,050</b>	<b>\$234,248,732</b>	<b>\$224,999,299</b>

#### Agency Description

The Department of Highways is responsible for the planning, designing, constructing, repairing, reconstructing and maintaining the state's highways. It is also responsible for assessing and mitigating the social and environmental impacts resulting from these activities. The department also enforces the gross vehicle weight statutes and regulations. The department's statutory authority is derived from section 2-15-2501, MCA. Specification of the department's statutory powers and duties is found in Title 60, chapter 2, part 2, MCA.

#### Budget Issues

The budget for the Department of Highways reflects a reduction of \$78.6 million between FY86 and FY88, and a reduction of \$87.9 million between FY86 and FY89 when the statutorily appropriated grants to cities and counties included in FY86 expenditures are taken into account. This reduction reflects the funding decisions of the June 1986 Special Session. However, prior to these decisions, it was anticipated that expenditures would decline in the 1989 biennium because the Interstate construction is complete. The recommended budget assumes that the current level of

gas tax and the coal taxes will continue as sources of revenue to the department.

#### Reconstruction Trust Fund

The Reconstruction Trust Fund (RTF) was established to allow the Department of Highways to spend funds on construction regardless of the Federal highway fund allocations and limitations. The Highway department established projects and priorities based upon the condition of existing roads.

In FY86, the department received a combination of mineral royalties and 2% of the state's coal severance tax. The June 1986 Special Session changed the funding for this program by increasing the gas tax by 2 cents and depositing the mineral royalties into the foundation program. The coal severance tax allocation increases to 7.76% in FY87 and to 12% of the coal tax in the 1989 biennium. Revenue from the coal severance tax is projected to be \$9.44 million in FY88 and \$9.82 million in FY89. In FY86, expenditures for the RTF program were \$29.5 million. If the Legislature wishes to keep this program at the FY86 level of activity, additional revenue totalling \$20.15 million in FY88 and \$19.78 million will be necessary. The Executive budget does not recommend a tax increase to generate the additional revenue.

# GENERAL OPERATIONS PROGRAM

## Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	142.53	142.53	142.18	142.18
Personal Services	3,562,576.42	3,604,911	3,709,929	3,711,571
Operating Expenses	2,439,241.53	2,728,592	2,675,092	2,624,451
Equipment	471,771.81	388,787	300,910	128,875
Capital Outlay	2,000.00	0	0	0
Grants	14,282,777.84	300,000	282,778	282,778
Debt Service	16,914.59	8,502	16,915	16,915
<b>Total Program Costs</b>	<b>\$20,775,282.19</b>	<b>\$7,030,792</b>	<b>\$6,985,624</b>	<b>\$6,764,590</b>
State Special Revenue Fund	18,643,228.74	4,972,089	5,378,930	5,208,734
Federal & Other Spec Rev Fund	2,132,053.45	2,058,703	1,606,694	1,555,856
<b>Total Funding Costs</b>	<b>\$20,775,282.19</b>	<b>\$7,030,792</b>	<b>\$6,985,624</b>	<b>\$6,764,590</b>
Current Level Services	20,775,282.19	7,030,792	6,985,624	6,764,590
<b>Total Service Costs</b>	<b>\$20,775,282.19</b>	<b>\$7,030,792</b>	<b>\$6,985,624</b>	<b>\$6,764,590</b>

### Program Description

The General Operations Program provides the overall administrative and support services essential to the operations of the department through the Director's Office, and the Centralized Services, Program Development, and Personnel Divisions.

### Budget Issues

The General Operations program budget increases approximately \$208,000 per year when compared with the FY86 base when grants are omitted from the FY86 base. The FTE for the General Operations program decrease 0.35 FTE from the FY86 level due to absorption of the unfunded pay plan. Personal services increase \$147,353 over the FY86 level, primarily due to fully funding positions that were left vacant.

Operating expenses increase approximately \$185,000 per year over the FY86 level. In addition, FY88 includes audit costs of \$57,600. Areas of increase include \$76,000 per year for additional professional services, and an additional \$164,634 per year for liability insurance. At the same time,

it is anticipated that data processing expenses will decrease approximately \$80,000 per year as the new highway data systems are brought on line. Travel expenses increase approximately \$19,000 between FY86 and FY88, and \$32,000 between FY86 and FY89. Out of state travel for administrative conferences and seminars increases \$11,000 over the biennium. The remainder of the increase is primarily due to in-state travel for federally funded programs such as planning and statistics and minority businesses.

Equipment in FY88 includes a skid trailer (\$150,000), 55 radios (\$79,000), a system analyzer (\$16,000) and 1 oscilloscope (\$6,000). Equipment purchases in FY89 include 55 radios (\$79,000), a system analyzer (\$16,000), an oscilloscope (\$6,000) and 2 traffic counters (\$4,000).

Fourteen million dollars of grants appear in the FY86 base and do not appear in the recommended 1989 biennium budget because these payments to cities and counties for planning, construction, and public transportation are statutorily appropriated and therefore do not need to appear in the budget. The grants in the 1989 biennium are expected to remain at the same level as FY86. Debt service reflects scheduled bond payments.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	2,005.50	1,985.75	1,869.64	1,863.64
Personal Services	52,885,941.23	52,025,032	52,945,994	52,949,994
Operating Expenses	222,780,620.27	203,322,545	152,918,455	145,779,812
Equipment	3,685,817.16	5,871,264	6,397,413	6,145,081
Capital Outlay	2,241,454.86	2,858,108	3,446,980	1,801,630
Grants	14,282,777.84	300,000	282,778	282,778
Transfers	31,020,070.48	16,563,599	18,240,197	18,023,089
Debt Service	16,914.59	8,502	16,915	16,915
<b>Total Agency Costs</b>	<b>\$326,913,596.43</b>	<b>\$280,949,050</b>	<b>\$234,248,732</b>	<b>\$224,999,299</b>
State Special Revenue Fund	183,387,074.13	152,048,344	123,539,273	113,712,062
Federal & Other Spec Rev Fund	129,073,261.09	114,992,701	94,258,614	94,799,079
Proprietary Fund	14,453,261.21	13,908,005	16,450,845	16,488,158
<b>Total Funding Costs</b>	<b>\$326,913,596.43</b>	<b>\$280,949,050</b>	<b>\$234,248,732</b>	<b>\$224,999,299</b>
Current Level Services	326,857,650.12	280,949,050	234,248,732	224,999,299
Modified Level Services	55,946.31	0	0	0
<b>Total Service Costs</b>	<b>\$326,913,596.43</b>	<b>\$280,949,050</b>	<b>\$234,248,732</b>	<b>\$224,999,299</b>

#### Agency Description

The Department of Highways is responsible for the planning, designing, constructing, repairing, reconstructing and maintaining the state's highways. It is also responsible for assessing and mitigating the social and environmental impacts resulting from these activities. The department also enforces the gross vehicle weight statutes and regulations. The department's statutory authority is derived from section 2-15-2501, MCA. Specification of the department's statutory powers and duties is found in Title 60, chapter 2, part 2, MCA.

#### Budget Issues

The budget for the Department of Highways reflects a reduction of \$78.6 million between FY86 and FY88, and a reduction of \$87.9 million between FY86 and FY89 when the statutorily appropriated grants to cities and counties included in FY86 expenditures are taken into account. This reduction reflects the funding decisions of the June 1986 Special Session. However, prior to these decisions, it was anticipated that expenditures would decline in the 1989 biennium because the Interstate construction is complete. The recommended budget assumes that the current level of

gas tax and the coal taxes will continue as sources of revenue to the department.

#### Reconstruction Trust Fund

The Reconstruction Trust Fund (RTF) was established to allow the Department of Highways to spend funds on construction regardless of the Federal highway fund allocations and limitations. The Highway department established projects and priorities based upon the condition of existing roads.

In FY86, the department received a combination of mineral royalties and 2% of the state's coal severance tax. The June 1986 Special Session changed the funding for this program by increasing the gas tax by 2 cents and depositing the mineral royalties into the foundation program. The coal severance tax allocation increases to 7.76% in FY87 and to 12% of the coal tax in the 1989 biennium. Revenue from the coal severance tax is projected to be \$9.44 million in FY88 and \$9.82 million in FY89. In FY86, expenditures for the RTF program were \$29.5 million. If the Legislature wishes to keep this program at the FY86 level of activity, additional revenue totalling \$20.15 million in FY88 and \$19.78 million will be necessary. The Executive budget does not recommend a tax increase to generate the additional revenue.



GENERAL OPERATIONS PROGRAM  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	142.53	142.53	142.18	142.18
Personal Services	3,562,576.42	3,604,911	3,709,929	3,711,571
Operating Expenses	2,439,241.53	2,728,592	2,675,092	2,624,451
Equipment	471,771.81	388,787	300,910	128,875
Capital Outlay	2,000.00	0	0	0
Grants	14,282,777.84	300,000	282,778	282,778
Debt Service	16,914.59	8,502	16,915	16,915
<b>Total Program Costs</b>	<b>\$20,775,282.19</b>	<b>\$7,030,792</b>	<b>\$6,985,624</b>	<b>\$6,764,590</b>
State Special Revenue Fund	18,643,228.74	4,972,089	5,378,930	5,208,734
Federal & Other Spec Rev Fund	2,132,053.45	2,058,703	1,606,694	1,555,856
<b>Total Funding Costs</b>	<b>\$20,775,282.19</b>	<b>\$7,030,792</b>	<b>\$6,985,624</b>	<b>\$6,764,590</b>
Current Level Services	20,775,282.19	7,030,792	6,985,624	6,764,590
<b>Total Service Costs</b>	<b>\$20,775,282.19</b>	<b>\$7,030,792</b>	<b>\$6,985,624</b>	<b>\$6,764,590</b>

**Program Description**

The General Operations Program provides the overall administrative and support services essential to the operations of the department through the Director's Office, and the Centralized Services, Program Development, and Personnel Divisions.

**Budget Issues**

The General Operations program budget increases approximately \$208,000 per year when compared with the FY86 base when grants are omitted from the FY86 base. The FTE for the General Operations program decrease 0.35 FTE from the FY86 level due to absorption of the unfunded pay plan. Personal services increase \$147,353 over the FY86 level, primarily due to fully funding positions that were left vacant.

Operating expenses increase approximately \$185,000 per year over the FY86 level. In addition, FY88 includes audit costs of \$57,600. Areas of increase include \$76,000 per year for additional professional services, and an additional \$164,634 per year for liability insurance. At the same time,

it is anticipated that data processing expenses will decrease approximately \$80,000 per year as the new highway data systems are brought on line. Travel expenses increase approximately \$19,000 between FY86 and FY88, and \$32,000 between FY86 and FY89. Out of state travel for administrative conferences and seminars increases \$11,000 over the biennium. The remainder of the increase is primarily due to in-state travel for federally funded programs such as planning and statistics and minority businesses.

Equipment in FY88 includes a skid trailer (\$150,000), 55 radios (\$79,000), a system analyzer (\$16,000) and 1 oscilloscope (\$6,000). Equipment purchases in FY89 include 55 radios (\$79,000), a system analyzer (\$16,000), an oscilloscope (\$6,000) and 2 traffic counters (\$4,000).

Fourteen million dollars of grants appear in the FY86 base and do not appear in the recommended 1989 biennium budget because these payments to cities and counties for planning, construction, and public transportation are statutorily appropriated and therefore do not need to appear in the budget. The grants in the 1989 biennium are expected to remain at the same level as FY86. Debt service reflects scheduled bond payments.

**CONSTRUCTION PROGRAM**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	655.40	619.65	571.00	565.00
Personal Services	16,707,703.28	16,079,216	16,097,010	16,017,129
Operating Expenses	174,969,202.89	158,577,580	106,742,338	99,367,474
Equipment	249,637.70	149,685	174,866	174,931
<b>Total Program Costs</b>	<b>\$191,926,543.87</b>	<b>\$174,806,481</b>	<b>\$123,014,214</b>	<b>\$115,559,534</b>
State Special Revenue Fund	71,731,976.48	68,331,138	37,633,808	28,508,537
Federal & Other Spec Rev Fund	120,194,567.39	106,475,343	85,380,406	87,050,997
<b>Total Funding Costs</b>	<b>\$191,926,543.87</b>	<b>\$174,806,481</b>	<b>\$123,014,214</b>	<b>\$115,559,534</b>
Current Level Services	191,926,543.87	174,806,481	123,014,214	115,559,534
<b>Total Service Costs</b>	<b>\$191,926,543.87</b>	<b>\$174,806,481</b>	<b>\$123,014,214</b>	<b>\$115,559,534</b>

**Program Description**

The Construction Program is responsible for ensuring that roads and bridges are constructed or reconstructed to appropriate design standards to accommodate the needs of state motorists. It supervises highway construction from project award through completion and approval of the project.

and that the Reconstruction Trust Fund Program (RTF) is funded at the level set by the June 1986 Special Session. The reduction in funding primarily impacts the construction program. The cost of the construction program will decline \$69 million between FY86 and FY88, and will decline \$76.4 million between FY86 and FY89. The department RTF proposal is addressed in the overall narrative at the beginning of the Highway department budgets.

**Budget Issues**

The recommended budget for the Construction program reflects the fact that the Interstate construction is complete,

**MAINTENANCE PROGRAM**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	662.83	662.83	642.33	642.33
Personal Services	18,564,765.42	17,797,691	18,962,443	19,030,425
Operating Expenses	22,542,003.71	20,710,325	21,425,259	21,608,649
Equipment	337,195.03	80,363	100,204	100,090
Capital Outlay	158,484.00	100,000	133,030	133,030
<b>Total Program Costs</b>	<b>\$41,602,448.16</b>	<b>\$38,688,379</b>	<b>\$40,620,936</b>	<b>\$40,872,194</b>
State Special Revenue Fund	41,546,501.85	38,688,379	40,620,936	40,872,194
Federal & Other Spec Rev Fund	55,946.31	0	0	0
<b>Total Funding Costs</b>	<b>\$41,602,448.16</b>	<b>\$38,688,379</b>	<b>\$40,620,936</b>	<b>\$40,872,194</b>
Current Level Services	41,546,501.85	38,688,379	40,620,936	40,872,194
Modified Level Services	55,946.31	0	0	0
<b>Total Service Costs</b>	<b>\$41,602,448.16</b>	<b>\$38,688,379</b>	<b>\$40,620,936</b>	<b>\$40,872,194</b>

**Program Description**

The Maintenance Program is responsible for preserving and repairing all highways and their appurtenances within the right of-way of interstate, urban, primary, and state-maintained secondary highway systems in Montana. The purpose of the program is to maximize the safety of persons traveling on state highways, enhance the convenience of the public while moving about the state, and preserve the rideability of the highway system within the expected useful life of the road surfaces.

unfunded pay plan. Operating expenses decline \$1.1 million from the FY86 level primarily due to the 5% reduction made by the June, 1986 Special Session. These operating expense reductions are reflected in repair and maintenance where budgeted expenditures were reduced for road oil and asphalt. Equipment purchases are expected to decline approximately \$237,000 from the FY86 level, primarily in the area of major maintenance. Specific equipment items planned in the recommended budget include several types of items and will be presented to the subcommittee. Anticipated land purchases are for future gravel sites.

**Budget Issues**

The recommended budget for the Maintenance program reflects a reduction of 20.5 FTE due to absorption of the

**PRECONSTRUCTION PROGRAM****Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	243.00	243.00	212.00	212.00
Personal Services	6,491,201.99	6,678,393	6,257,282	6,257,793
Operating Expenses	1,783,885.21	2,186,355	1,840,621	1,794,669
Equipment	1,132,526.50	1,650	425,458	394,500
Capital Outlay	2,080,970.86	2,758,108	3,313,950	1,668,600
<b>Total Program Costs</b>	<b>\$11,488,584.56</b>	<b>\$11,624,506</b>	<b>\$11,837,311</b>	<b>\$10,115,562</b>
State Special Revenue Fund	4,797,890.62	5,165,851	4,565,797	3,923,336
Federal & Other Spec Rev Fund	6,690,693.94	6,458,655	7,271,514	6,192,226
<b>Total Funding Costs</b>	<b>\$11,488,584.56</b>	<b>\$11,624,506</b>	<b>\$11,837,311</b>	<b>\$10,115,562</b>
Current Level Services	11,488,584.56	11,624,506	11,837,311	10,115,562
<b>Total Service Costs</b>	<b>\$11,488,584.56</b>	<b>\$11,624,506</b>	<b>\$11,837,311</b>	<b>\$10,115,562</b>

**Program Description**

The Preconstruction Program carries out the planning stages of highway development, including determining location and design, conducting any necessary public hearings, acquiring needed rights-of-way, and processing highway projects for contract award.

**Budget Issues**

The recommended budget for the Preconstruction program declines from the FY86 level to reflect the funding level established by the June 1986 Special Session. The FTE level drops 31.0 between FY86 and FY88 and FY89, reflecting the decrease in construction planning activities. Land purchases are budgeted at \$4.99 million over the biennium to secure right-of-way for projects scheduled to be started over the 89 biennium.

**HIGHWAY SERVICE REVOLVING****Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	68.25	73.25	68.25	68.25
Personal Services	1,847,926.24	1,862,339	1,855,757	1,856,268
Operating Expenses	1,079,867.08	1,117,522	1,042,775	1,048,834
Equipment	6,485.75	238,000	33,276	26,286
<b>Total Program Costs</b>	<b>\$2,934,279.07</b>	<b>\$3,217,861</b>	<b>\$2,931,808</b>	<b>\$2,931,388</b>
Proprietary Fund	2,934,279.07	3,217,861	2,931,808	2,931,388
<b>Total Funding Costs</b>	<b>\$2,934,279.07</b>	<b>\$3,217,861</b>	<b>\$2,931,808</b>	<b>\$2,931,388</b>
Current Level Services	2,934,279.07	3,217,861	2,931,808	2,931,388
<b>Total Service Costs</b>	<b>\$2,934,279.07</b>	<b>\$3,217,861</b>	<b>\$2,931,808</b>	<b>\$2,931,388</b>

**Program Description**

The Highway Service Revolving Program provides certain support services (such as data processing, printing, photography, airplane use and material testing) common to all divisions within the department.

**Budget Issues**

The recommended budget for the Service Revolving program remains at the FY86 level.

STATE MOTOR POOL  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	6.00	6.00	6.00	6.00
Personal Services	132,387.03	139,644	147,684	148,107
Operating Expenses	394,441.21	238,528	212,804	217,982
Equipment	40,505.00	322,120	402,120	360,620
<b>Total Program Costs</b>	<b>\$567,333.24</b>	<b>\$700,292</b>	<b>\$762,608</b>	<b>\$726,709</b>
Proprietary Fund	567,333.24	700,292	762,608	726,709
<b>Total Funding Costs</b>	<b>\$567,333.24</b>	<b>\$700,292</b>	<b>\$762,608</b>	<b>\$726,709</b>
Current Level Services	567,333.24	700,292	762,608	726,709
<b>Total Service Costs</b>	<b>\$567,333.24</b>	<b>\$700,292</b>	<b>\$762,608</b>	<b>\$726,709</b>

**Program Description**

The State Motor Pool Program operates and maintains a fleet of rental vehicles available to all state officials and employees in the Helena area for use for official business.

**Budget Issues**

The State Motor Pool program expenses are budgeted to remain at approximately the FY86 level for personal ser-

vices and operating expenses. The "Other" expense category for FY86 is shown as \$169,646. However, \$169,436 is the depreciation for the current fleet and is not a budgeted expenditure. For this reason, it is not included in the 1989 biennium budget. Recommended equipment purchases include 43 vehicles in FY88 and 37 vehicles in FY89.

EQUIPMENT PROGRAM  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	120.35	120.35	117.85	117.85
Personal Services	3,280,308.05	3,249,152	3,345,584	3,358,140
Operating Expenses	6,340,097.85	4,331,451	4,505,186	4,566,262
Equipment	1,331,243.00	4,657,099	4,905,659	4,905,659
Transfers	2,910,181.61	0	1,675,099	1,450,099
<b>Total Program Costs</b>	<b>\$13,861,830.51</b>	<b>\$12,237,702</b>	<b>\$14,431,528</b>	<b>\$14,280,160</b>
State Special Revenue Fund	2,910,181.61	2,247,850	1,675,099	1,450,099
Proprietary Fund	10,951,648.90	9,989,852	12,756,429	12,830,061
<b>Total Funding Costs</b>	<b>\$13,861,830.51</b>	<b>\$12,237,702</b>	<b>\$14,431,528</b>	<b>\$14,280,160</b>
Current Level Services	13,861,830.51	12,237,702	14,431,528	14,280,160
<b>Total Service Costs</b>	<b>\$13,861,830.51</b>	<b>\$12,237,702</b>	<b>\$14,431,528</b>	<b>\$14,280,160</b>

**Program Description**

The Equipment Program is responsible for the purchase and maintenance of a fleet of equipment and vehicles for use within the Department of Highways. The primary goal is to provide replacement equipment and maintain and repair existing equipment in a cost effective manner.

**Budget Issues**

The operating expenses for the Equipment program budget declines in FY88 and FY89 when compared to the FY86 level when \$1.7 million of expense for depreciation is removed from the FY86 expenditure base. These are accounting entries only and are not budgeted as an expense in the 1898 biennium. Increases include \$50,000 for liability insurance and \$3,000 for payroll service fees. Equipment is

budgeted at \$9.8 million over the biennium. This reflects the major motorized equipment purchases for the department with the exception of the motor pool.

**Budget Issues**

The Equipment program budget declines in FY88 and FY89 when compared to the FY86 level when \$1.7 million of expense for depreciation is removed from the FY86 expenditure base. These are accounting entries only and are not budgeted as an expense in the 1898 biennium. Increases include \$50,000 for liability insurance and \$3,000 for payroll service fees. Equipment is budgeted at \$9.8 million over the biennium. This reflects the major motorized equipment purchases for the department with the exception of the motor pool.

**CAPITAL OUTLAY PROGRAM**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.00	.00	.00	.00
Transfers	28,109,888.87	16,563,599	16,565,098	16,572,990
<b>Total Program Costs</b>	<b>\$28,109,888.87</b>	<b>\$16,563,599</b>	<b>\$16,565,098</b>	<b>\$16,572,990</b>
State Special Revenue Fund	28,109,888.87	16,563,599	16,565,098	16,572,990
<b>Total Funding Costs</b>	<b>\$28,109,888.87</b>	<b>\$16,563,599</b>	<b>\$16,565,098</b>	<b>\$16,572,990</b>
Current Level Services	28,109,888.87	16,563,599	16,565,098	16,572,990
<b>Total Service Costs</b>	<b>\$28,109,888.87</b>	<b>\$16,563,599</b>	<b>\$16,565,098</b>	<b>\$16,572,990</b>

**Program Description**

The Capital Outlay Program constitutes the sinking fund for retirement of the department's Headquarters Building bonds.

**Budget Issues**

The recommended budget for the Capital Outlay program reflects the payments for the Highway Building Complex bond, and for bonds that were issued to complete the Interstate construction.

**STORES INVENTORY**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	12,442,555.11	12,643,971	13,602,298	13,672,810
<b>Total Program Costs</b>	<b>\$12,442,555.11</b>	<b>\$12,643,971</b>	<b>\$13,602,298</b>	<b>\$13,672,810</b>
State Special Revenue Fund	12,442,555.11	12,643,971	13,602,298	13,672,810
<b>Total Funding Costs</b>	<b>\$12,442,555.11</b>	<b>\$12,643,971</b>	<b>\$13,602,298</b>	<b>\$13,672,810</b>
Current Level Services	12,442,555.11	12,643,971	13,602,298	13,672,810
<b>Total Service Costs</b>	<b>\$12,442,555.11</b>	<b>\$12,643,971</b>	<b>\$13,602,298</b>	<b>\$13,672,810</b>

**Program Description**

The Store's Inventory Program purchases and stores materials (such as sand, road oil and gasoline) needed by other programs within the department.

between FY86 and FY89. The increase in contract services is for additional hot plants for asphalt production. Supplies increase to allow the purchase of additional gasoline over the FY86 level. Repair expenses reflect purchase of sand and gravel for maintenance activities.

**Budget Issues**

The recommended budget for the Stores program increases \$1.16 million between FY86 and FY88 and \$1.2 million

**G.V.W.**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	107.14	118.14	110.03	110.03
Personal Services	2,299,072.80	2,613,686	2,570,305	2,570,561
Operating Expenses	789,325.68	788,221	872,082	878,681
Equipment	116,452.37	33,560	54,920	54,120
<b>Total Program Costs</b>	<b>\$3,204,850.85</b>	<b>\$3,435,467</b>	<b>\$3,497,307</b>	<b>\$3,503,362</b>
State Special Revenue Fund	3,204,850.85	3,435,467	3,497,307	3,503,362
<b>Total Funding Costs</b>	<b>\$3,204,850.85</b>	<b>\$3,435,467</b>	<b>\$3,497,307</b>	<b>\$3,503,362</b>
Current Level Services	3,204,850.85	3,435,467	3,497,307	3,503,362
<b>Total Service Costs</b>	<b>\$3,204,850.85</b>	<b>\$3,435,467</b>	<b>\$3,497,307</b>	<b>\$3,503,362</b>

**Program Description**

The Gross Vehicle Weight Division provides enforcement of the statutes and regulations relating to vehicle weight and size on the state's highways (Title 61, MCA) and collects gross vehicle weight fees.

**Budget Issues**

The FY86 FTE level reflects the transfer of 3 positions from this program to the General Operations program for FY86 only. The FTE shown for FY87 represent the addition of 11 FTE over the original FY86 FTE level to allow for addition-

al weigh stations at Havre and De Borgia. The FTE recommended for the 1989 biennium reflect a reduction of 8.11 FTE to absorb the unfunded pay plan. Operating expenses increase primarily to reflect the operations of the new weigh station at De Borgia. A majority of the recommended equip-

ment budget of \$109,000 over the biennium is represented in \$88,000 for portable scales. The budget also includes \$7,200 for Low band radios, 20 calculators at \$280 each, 2 typewriters at \$1,000 and \$4,200 for chairs.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	293.25	304.08	300.73	307.88
Personal Services	7,265,150.63	6,995,858	7,474,011	7,598,277
Operating Expenses	8,359,131.37	5,356,898	5,600,473	5,352,420
Equipment	687,211.47	179,220	568,577	387,936
Capital Outlay	2,556,871.82	6,943,847	5,018,000	5,048,000
Grants	265,000.00	307,000	265,000	265,000
<b>Total Agency Costs</b>	<b>\$19,133,365.29</b>	<b>\$19,782,823</b>	<b>\$18,926,061</b>	<b>\$18,651,633</b>
General Fund	8,678,724.68	6,529,244	7,120,793	7,055,630
State Special Revenue Fund	3,333,684.78	3,216,558	2,896,932	2,757,749
Federal & Other Spec Rev Fund	6,922,694.16	9,860,437	8,716,555	8,647,935
Proprietary Fund	198,261.67	176,584	191,781	190,319
<b>Total Funding Costs</b>	<b>\$19,133,365.29</b>	<b>\$19,782,823</b>	<b>\$18,926,061</b>	<b>\$18,651,633</b>
Current Level Services	19,018,938.54	19,782,823	18,179,285	17,941,390
Modified Level Services	114,426.75	0	746,776	710,243
<b>Total Service Costs</b>	<b>\$19,133,365.29</b>	<b>\$19,782,823</b>	<b>\$18,926,061</b>	<b>\$18,651,633</b>

**Agency Description**

The Department of State Lands exists to administer the lands granted to the state for the support and benefit of the

various state educational institutions and to administer Montana's reclamation laws. The department is provided for in section 2 15-3201, MCA, and its responsibilities are delineated within Title 77, MCA.

CENTRAL MANAGEMENT PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	19.00	18.00	20.00	20.00
Personal Services	551,946.54	552,262	591,702	591,291
Operating Expenses	588,481.87	747,336	605,924	534,541
Equipment	3,341.95	16,000	0	0
Grants	265,000.00	265,000	265,000	265,000
<b>Total Program Costs</b>	<b>\$1,408,770.36</b>	<b>\$1,580,598</b>	<b>\$1,462,626</b>	<b>\$1,390,832</b>
General Fund	845,052.84	837,210	1,023,678	996,672
State Special Revenue Fund	197,083.41	379,571	157,885	114,559
Federal & Other Spec Rev Fund	168,372.44	187,233	89,282	89,282
Proprietary Fund	198,261.67	176,584	191,781	190,319
<b>Total Funding Costs</b>	<b>\$1,408,770.36</b>	<b>\$1,580,598</b>	<b>\$1,462,626</b>	<b>\$1,390,832</b>
Current Level Services	1,350,979.76	1,580,598	1,450,026	1,378,232
Modified Level Services	57,790.60	0	12,600	12,600
<b>Total Service Costs</b>	<b>\$1,408,770.36</b>	<b>\$1,580,598</b>	<b>\$1,462,626</b>	<b>\$1,390,832</b>

**Program Description**

The Central Management Program staff provide necessary administrative services for the department. The staff are responsible for more than \$50 million per year in distributable and non distributable trust income. They provide accounting, data processing and personnel services to all programs in the department. The Air Operations Bureau and Trust Ownership Records is included in this program.

**Budget Issues**

The unfunded pay plan was handled by having certain programs pick up the majority of the cuts. Consequently, while \$21,457 of the obligation is allocated to Central Services, none of the pay plan cuts were in the Central Services program.

2.0 FTE were transferred from other divisions within the Department to Centralized Services by approved program transfers in FY 86 and 87. These positions are included in the requested FTE authorization for FY88 and FY89. A four percent vacancy savings is applied.

Major increases to the general fund budget include: 1) increased insurance costs of \$26,422 in FY88 and FY89. The increase in rates is attributed to helicopter liability; 2) increased payroll service fees in the amount of \$8,034 in FY88 and \$7,835 in FY89; and, 3) audit costs which increase \$9,718 in FY88.

The recommended budget also uses general fund in FY88 and FY89 to offset an approximate \$100,000 decrease in funding from indirect cost revenue. This reduction is due to a 3 percent decrease in the rate allowed by the federal government and the elimination of the Environmental Analysis

Bureau which resulted in a decrease in revenue of approximately \$40,000.

The recommended budget allows for continued work on the department's data processing system which will have two more of its sub-systems coming on-board in FY88. Funding for this project is \$160,787 in FY88 and \$119,198 in FY89 of State Lands Resource Development funds.

#### Modification Request

Twin Bridges/Caretaking - The State Land Board repossessed the Twin Bridges facility when the purchaser defaulted on the contract. The facility was readvertised for resale with bids due August 15, 1986. No bids were received and until the facility can be resold, minimal caretaking services costing \$800 a month for 12 months and \$3000 for utilities are required. General fund would be utilized.

FY88 = \$12,600

FY89 = \$12,600

#### RECLAMATION PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	41.00	42.00	36.00	36.00
Personal Services	1,048,277.59	1,083,491	1,012,360	1,011,565
Operating Expenses	2,494,876.16	1,964,916	2,146,765	2,025,226
Equipment	34,803.93	28,823	49,550	30,000
Capital Outlay	2,540,531.18	6,273,359	4,960,000	4,970,000
<b>Total Program Costs</b>	<b>\$6,118,488.86</b>	<b>\$9,350,589</b>	<b>\$8,168,675</b>	<b>\$8,036,791</b>
General Fund	0.00	556,704	85,057	84,177
State Special Revenue Fund	861,151.41	729,928	1,133,887	1,012,474
Federal & Other Spec Rev Fund	5,257,337.45	8,063,957	6,949,731	6,940,140
<b>Total Funding Costs</b>	<b>\$6,118,488.86</b>	<b>\$9,350,589</b>	<b>\$8,168,675</b>	<b>\$8,036,791</b>
Current Level Services	6,075,865.86	9,350,589	8,066,173	7,935,202
Modified Level Services	42,623.00	0	102,502	101,589
<b>Total Service Costs</b>	<b>\$6,118,488.86</b>	<b>\$9,350,589</b>	<b>\$8,168,675</b>	<b>\$8,036,791</b>

#### Program Description

The staff of the Reclamation Division is responsible for regulating all mining-related disturbances in the state. Specifically, they administer: the Montana Strip and Underground Mine Reclamation Act; the Montana Open-Cut Mining Act; the Montana Strip and Underground Mine Siting Act; the Montana Coal Conservation Act; statutes regulating hard rock mining; and the regulatory program of the Federal Surface Mining Control and Reclamation Act.

#### Budget Issues

The unfunded pay plan was covered by department-wide cuts of which the Reclamation Program accounts for \$36,130. No specific reductions were taken in the Reclamation Program.

In January, 1986, the Environmental Assessment Bureau (EAB) was abolished due to a lack of funding. As a result, 9.0 FTE were eliminated in the FY88 and FY89 request for a personal services cost reduction of approximately \$233,000. Expenditures attributable to the EAB in the operational expense categories were reduced from the FY86 base. The program requests \$417,183 in authority for both years to either contract with DNRC or private consultants to perform assessment work previously performed by the EAB.

Current level FTE requested for the biennium is 36.0 FTE in each year. A four percent vacancy savings is applied.

The Reclamation Program requested that all administrative costs, or approximately \$64,000 be general funded. General funding was also requested for EAB, Open Cut and Hardrock Bureaus along with approximately 25 percent of the costs associated with the Coal Bureau. RIT funds were utilized for these Bureaus in FY86 and OBPP recommends that they be funded with RIT rather than general funds for FY 88 and 89.

Increases to the requested budget from the FY86 levels include \$20,000 for hardrock contracts, \$6,000 for the Montco case, and \$15,000 for a vehicle for the Open Cut Bureau.

#### Modification Request

Clerical Staff - One clerical FTE is requested for the Abandoned Mine Reclamation Program. There is presently one secretary supporting 24 professional staff. Federal funds would be utilized.

FY88 = \$18,171

FY89 = \$18,136

Hard Rock - Three FTE's are requested to help meet the demands of the public and private sector which have accelerated due to increased mining activities. The additional FTE will help with review, Montana Environmental Protection Act (MEPA) compliance, permit, inspection and enforcement activities. General funds would be the funding source.

FY88 = \$92,325

FY89 = \$89,802



**LAND ADMINISTRATION PGM**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	18.62	18.62	18.62	18.62
Personal Services	382,855.69	421,840	442,257	441,995
Operating Expenses	106,161.64	85,508	131,000	131,281
Equipment	56,939.14	10,000	11,432	11,432
<b>Total Program Costs</b>	<b>\$545,956.47</b>	<b>\$517,348</b>	<b>\$584,689</b>	<b>\$584,708</b>
General Fund	545,956.47	517,348	584,689	584,708
<b>Total Funding Costs</b>	<b>\$545,956.47</b>	<b>\$517,348</b>	<b>\$584,689</b>	<b>\$584,708</b>
Current Level Services	545,956.47	517,348	584,689	584,708
<b>Total Service Costs</b>	<b>\$545,956.47</b>	<b>\$517,348</b>	<b>\$584,689</b>	<b>\$584,708</b>

**Program Description**

The staff of the Land Administration Program are responsible for the leasing of surface and mineral resources for the benefit of common school and other endowment funds. This program covers the appraisal and reclassification of all state lands to obtain the greatest revenue for the trust funds commensurate with the preservation of the resource. This program includes the Land Management Bureau, Surface Leasing Bureau and Mineral Leasing Bureau.

**Budget Issues**

The unfunded pay plan was covered by department-wide reductions of which the Land Administration Department accounts for approximately \$20,000. No specific cuts were taken in this program.

A four percent vacancy saving is applied. There is no increase in FTE from FY86 to FY88 and FY89.

The requested operations budget increases approximately \$39,000 from FY86 to FY88 primarily because: 1) \$24,000 for supplies related to controlling weeds on state trust lands that are not leased. This is a statutory requirement as set forth in 7-22-2116, MCA; 2) \$3,064 increase for postage costs associated with the billing of oil and gas rentals and royalties. The program has not sent out bills of this nature in the past. The mailings will generate increased revenue to the trust; 3) \$500 for advertising cancelled leases; 4) and, \$11,432 in each year of the biennium to replace two 4x4 pickups used in Miles City and Lewistown for land inspection.

**RESOURCE DEVELOPMENT PGM**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	7.00	7.00	7.00	7.00
Personal Services	176,961.10	169,618	180,350	180,310
Operating Expenses	323,286.11	40,136	34,835	35,123
Equipment	428.50	0	0	0
Capital Outlay	16,340.64	670,488	58,000	78,000
<b>Total Program Costs</b>	<b>\$517,016.35</b>	<b>\$880,242</b>	<b>\$273,185</b>	<b>\$293,433</b>
State Special Revenue Fund	517,016.35	880,242	273,185	293,433
<b>Total Funding Costs</b>	<b>\$517,016.35</b>	<b>\$880,242</b>	<b>\$273,185</b>	<b>\$293,433</b>
Current Level Services	517,016.35	880,242	273,185	293,433
<b>Total Service Costs</b>	<b>\$517,016.35</b>	<b>\$880,242</b>	<b>\$273,185</b>	<b>\$293,433</b>

**Program Description**

The Resource Development Program staff are responsible for developing and improving state lands to increase revenue for the trust funds and for restoring and preserving state land resources according to the policy delineated in section 77-1-601, MCA. This program is assigned to the Lands Division.

**Budget Issues**

The unfunded pay plan was covered by department-wide cuts, of which approximately \$7,510 is allocated to the Resource Development Bureau. No specific reductions were taken in this program.

7.0 FTE are requested for both years of the 89 biennium. This FTE level is consistent with the actual FY86 level.

The Resource Development Program budget request is for the operational costs of the Bureau at current level for FY 88 and 89. The program is totally funded with revenues received from Trust Lands. In addition to this program, Resource Development funds are used to finance an auditor in the Department of Revenue and to continue with the development of the Trust Land Management System in DSL. Because of the decrease in Resource Development revenues the scope of projects, such as Stockwater, Range Renovation, and Irrigation have been reduced.

The program request includes \$58,000 in FY88 and \$78,000 in FY89 for capital outlay projects. Included in the proposed work plan are two Stockwater projects in FY88 and six in FY89, saline seep project costing \$11,000 for the biennium, and \$15,000 in FY88 and \$40,000 in FY89 for commercial projects.

FORESTRY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	207.63	218.46	219.11	226.26
Personal Services	5,105,109.71	4,768,647	5,247,342	5,373,116
Operating Expenses	4,846,325.59	2,519,002	2,681,949	2,626,249
Equipment	591,697.95	124,397	507,595	346,504
Grants	0.00	42,000	0	0
<b>Total Program Costs</b>	<b>\$10,543,133.25</b>	<b>\$7,454,046</b>	<b>\$8,436,886</b>	<b>\$8,345,869</b>
General Fund	7,287,715.37	4,617,982	5,427,369	5,390,073
State Special Revenue Fund	1,758,433.61	1,226,817	1,331,975	1,337,283
Federal & Other Spec Rev Fund	1,496,984.27	1,609,247	1,677,542	1,618,513
<b>Total Funding Costs</b>	<b>\$10,543,133.25</b>	<b>\$7,454,046</b>	<b>\$8,436,886</b>	<b>\$8,345,869</b>
Current Level Services	10,529,120.10	7,454,046	7,805,212	7,749,815
Modified Level Services	14,013.15	0	631,674	596,054
<b>Total Service Costs</b>	<b>\$10,543,133.25</b>	<b>\$7,454,046</b>	<b>\$8,436,886</b>	<b>\$8,345,869</b>

### Program Description

The Forestry Program is administered through the Forestry Division in Missoula. The program is designed to manage and protect Montana forests, especially those owned by the state or held in trust for the support of education. Program services include:

The Fire Management program - provides direct fire control services within forest fire districts and by contract to private landowners, and cooperative fire control agreements through which counties are assisted in meeting their fire protection responsibilities.

The Multiple-use Concept program - provides active protection of water-shed and young stands of timber, continuing inventory to support planning for improving forest land capability, and proposed consolidation of state-owned forest land into units that can be more easily managed on a sustained yield basis.

Technical Assistance - provides private forest land operations with training, demonstrations, utilization and marketing assistance in order to reduce waste, increase efficiency of logging operations and forest product businesses, and to increase benefits to local communities.

The Forest Tree Nursery - produces and distributes seedling trees and shrubs at a price that encourages such conservation practices as shelterbelts, windbreaks, forest plantings, wildlife cover, and reclamation plantings on state and private lands.

Administration of the Fire Hazard Reduction and Management Law assures that the fire hazard created by logging and other forest management operations is reduced by treatment or that additional protection is provided until the fire hazard is reduced to an acceptable level.

Insect and Disease Protection - studies are conducted and measures adopted to prevent and suppress outbreaks of forest insect pests and tree diseases. The project is carried out in cooperation with the federal government and private landowners.

Institutional Forestry program - needed forest work is performed and the work potential and skills of young men at the Swan River Youth Forest Camp are developed through training in the areas of forestry, carpentry, and automotive mechanics. This program is a cooperative effort with the Department of Institutions.

### Budget Issues

The Lands Department made the majority of the reductions necessary for agency compliance of the unfunded pay plan within the Forestry division. 5.75 FTE were reduced during the June Special Session and are deleted in the FY88 and FY89 budget. The equipment budget was reduced by approximately \$275,000 in both years of the biennium. This reduction is considered a part of the base adjustment.

A four percent vacancy savings rate is applied.

Aircraft rental is increased \$17,877 in FY 89 from FY86 for Block 3 air protection.

Current level forest thinning contracts are requested to increase \$82,759 in each year of the biennium. This increase is due primarily to the increased timber harvests which necessitate the need to treat more acres per year. Funds collected from timber sales are used to fund these contracts.

Contracts for brush disposal are requested to increase \$116,566 from FY86 in each year of the biennium to safeguard against the potential fire hazard resulting from expanded timber harvest. Funds collected from timber sales are used to finance the brush disposal program.

A heavy equipment increase of \$37,817 from FY86 level is requested to accommodate the expanded brush and timber stand improvement work resulting from increased timber harvests. These expenditures were not reflected in FY86 because it was the first year of the sales program. Ear-marked funds are utilized for this purpose.

### Modification Requests

Block 3 - This is a continuation of the U.S. Forest Service fire protection contract as recommended by the last Legislative Interim Committee on Forestry and Fire. Block 3 establishes fire protection for approximately 413,000 acres of land. As established in 76-13-207, MCA, one-third of the project is funded by landowner fire assessment fees and two-thirds with general fund. 2.80 FTE are requested in FY88 and 9.95 FTE are requested in FY89.

FY88 = \$264,520

FY89 = \$235,656

Increased Nursery Production - Authorization would be given for .70 FTE and operating costs to increase the production of seedlings for conservation plantings. Demand for seedlings has surpassed greenhouse production capacity and the planting stock requirements for the conservation reserve program has further increased seedlings demand. Funding is derived from merchandise sold.

FY88 = \$20,413

FY89 = 20,440

C.R.P. Wildlife Seedlings - The Department of Fish, Wildlife and Parks is requesting an increase in spending authority of \$25,000 in each year of the new biennium for the purpose of purchasing trees and shrubs from the DSL tree nursery. These trees and shrubs will be used to improve wildlife habitat on private lands through the Federal Conservation Reserve Program.

Therefore, the Department of State Lands needs additional spending authority and an additional .90 FTE to cover the costs and workload involved in growing the additional trees and shrubs. The funding source is earmarked revenue.

FY88 = \$24,401

FY89 = \$24,472

Timber - During the 1985 Legislative session, the timber sale program was expanded from 32 million board feet per year sold to 50 million. The expansion was to be funded

from the Resource Development Fund; however, the Program is asking for \$246,503 in general funds for both FY88 and 89 since there will probably be insufficient resource development money to finance the expansion. The program projects that at current market value, revenue from the increased harvest will be: \$3,025,000 in FY88 and \$3,437,500 in FY89.

This revenue becomes part of the permanent fund.

FY88 = \$236,060

FY89 = \$237,656

Hazard Reduction - The Department requests 3.0 additional FTE to administer hazard reduction or management law. Funding would be through earmarked revenue provided by increases in hazard reduction withholding rates and administration fees.

FY88 = \$89,000

FY89 = \$80,500

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	116.61	114.61	114.61	114.61
Personal Services	2,842,637.93	2,945,840	2,997,825	3,004,449
Operating Expenses	1,366,206.08	1,664,674	1,056,390	1,063,648
Equipment	182,804.64	131,542	122,966	126,544
Benefits and Claims	25.00	2,300	2,000	2,000
<b>Total Agency Costs</b>	<b>\$4,391,673.65</b>	<b>\$4,744,356</b>	<b>\$4,179,181</b>	<b>\$4,196,641</b>
General Fund	641,095.67	580,100	654,923	658,538
State Special Revenue Fund	3,223,950.83	3,576,256	3,429,258	3,443,103
Federal & Other Spec Rev Fund	526,627.15	588,000	95,000	95,000
<b>Total Funding Costs</b>	<b>\$4,391,673.65</b>	<b>\$4,744,356</b>	<b>\$4,179,181</b>	<b>\$4,196,641</b>
Current Level Services	4,391,673.65	4,744,356	4,179,181	4,196,641
<b>Total Service Costs</b>	<b>\$4,391,673.65</b>	<b>\$4,744,356</b>	<b>\$4,179,181</b>	<b>\$4,196,641</b>

**Agency Description**

The Department of Livestock was established to provide state responsibility for the control and eradication of animal diseases, the prevention of the transmission of animal disease to humans, and for the protection of the livestock industry from theft and predatory animals.

The Department of Livestock is provided for in section 2-15 3101, MCA. The department is organized into four major divisions: Animal Health Division, Centralized Services Division, Brands Enforcement Division, and Diagnostic Laboratory Division.

CENTRALIZED SERVICES PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	8.00	8.00	8.00	8.00
Personal Services	259,564.63	261,587	262,154	262,332
Operating Expenses	135,997.37	124,366	144,899	132,542
Equipment	449.00	12,974	5,750	0
<b>Total Program Costs</b>	<b>\$396,011.00</b>	<b>\$398,927</b>	<b>\$412,803</b>	<b>\$394,874</b>
General Fund	57,427.00	58,958	61,893	59,231
State Special Revenue Fund	338,584.00	339,969	350,910	335,643
<b>Total Funding Costs</b>	<b>\$396,011.00</b>	<b>\$398,927</b>	<b>\$412,803</b>	<b>\$394,874</b>
Current Level Services	396,011.00	398,927	412,803	394,874
<b>Total Service Costs</b>	<b>\$396,011.00</b>	<b>\$398,927</b>	<b>\$412,803</b>	<b>\$394,874</b>

**Program Description**

The Centralized Services Division staff are responsible for the accounting, budgeting, payroll, personnel, legal services, purchasing, administrative, data processing and general services functions for the Department of Livestock.

**Budget Issues**

In regard to the unfunded pay plan, the Department reduced its personal services budget for FY87 by \$342,602. All personal service savings made for FY87 will carry through the new biennium. As such, reductions are reflected in the existing base.

The Centralized Services Program request 8.0 FTE in each year of the new biennium. This request is consistent with

the actual FTE level for FY86 and 87. A four percent vacancy savings is applied.

The program request includes \$1,500 in each year of the biennium to continue a contract with the Montana Alfalfa Seed Growers Association. This agreement originated July 1, 1986 and is expected to continue into FY88 and 89.

The requested equipment budget includes one electric typewriter which will replace a model which is ten years old and one PC in each year of the biennium.

Funding for the requested program is 15 percent general fund and 85 percent from Inspection and Control Funds and from the Animal Health Fund.

**DIAGNOSTIC LABORATORY PROGRAM**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	18.00	18.00	18.00	18.00
Personal Services	479,341.31	473,269	479,970	481,165
Operating Expenses	167,905.24	173,730	179,477	187,272
Equipment	84,929.54	0	8,290	11,200
<b>Total Program Costs</b>	<b>\$732,176.09</b>	<b>\$646,999</b>	<b>\$667,737</b>	<b>\$679,637</b>
General Fund	311,734.09	306,533	316,223	321,306
State Special Revenue Fund	420,442.00	340,466	351,514	358,331
<b>Total Funding Costs</b>	<b>\$732,176.09</b>	<b>\$646,999</b>	<b>\$667,737</b>	<b>\$679,637</b>
Current Level Services	732,176.09	646,999	667,737	679,637
<b>Total Service Costs</b>	<b>\$732,176.09</b>	<b>\$646,999</b>	<b>\$667,737</b>	<b>\$679,637</b>

**Program Description**

The Diagnostic Laboratory Program's functions are to provide laboratory support for the Disease Control and Milk and Egg Bureaus; provide laboratory diagnostic support to veterinarians and livestock producers; protect the public health by testing dairy products and performing diagnostic tests on suspected rabies cases and other zoonotic diseases; and provide test services to enhance the marketability of livestock. Testing on wildlife and small animals is performed upon request.

**Budget Issues**

The Department met its obligation to the unfunded pay plan through personal services reductions first made in FY87. These reductions will be carried on into the new biennium.

The program requests 18.0 FTE in both years of the new biennium. A four percent vacancy savings is applied.

Supply and material expenditures were requested at current level. Inflation for laboratory and medical supplies increases

the request an additional \$5,973 in FY88 and \$10,499 in FY89.

The department requests \$1,500 in each year of the biennium for a long distance data circuit which communicates milk testing results from the laboratory in Bozeman to Provo, Utah.

The department requests \$2,095 in FY88 and \$3,270 in FY89 for maintenance of personal computers located in the Bozeman laboratory.

Equipment requests in FY88 include: an embedding oven which replaces the existing 25-year old oven for \$1,490; and a liquid nitrogen storage container for use in virology for \$600. One carbon dioxide incubator for use in virology for \$5,000 is requested in FY89.

The department has a contract with the United States Department of Agriculture (USDA) which will continue into the new biennium. The contract cost is \$27,000 per year, with 50 percent of the funding in general funds. This contract accounts for approximately 90 percent of the increase to general funds from FY86 to FY88.

**DISEASE CONTROL PROGRAM**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	13.30	12.30	12.30	12.30
Personal Services	373,565.98	373,703	374,709	375,187
Operating Expenses	74,615.65	136,547	75,886	76,847
Equipment	3,500.69	20,826	24,660	22,064
Benefits and Claims	25.00	2,300	2,000	2,000
<b>Total Program Costs</b>	<b>\$451,707.32</b>	<b>\$533,376</b>	<b>\$477,255</b>	<b>\$476,098</b>
State Special Revenue Fund	451,707.32	533,376	477,255	476,098
<b>Total Funding Costs</b>	<b>\$451,707.32</b>	<b>\$533,376</b>	<b>\$477,255</b>	<b>\$476,098</b>
Current Level Services	451,707.32	533,376	477,255	476,098
<b>Total Service Costs</b>	<b>\$451,707.32</b>	<b>\$533,376</b>	<b>\$477,255</b>	<b>\$476,098</b>

**Program Description**

The Disease Control Program's functions are to: provide for the diagnosis, prevention, control, and eradication of animal diseases and disorders; maintain a disease surveillance system; provide education and information on animal diseases and disorders to the livestock industry, the veterinary profession, and the public at large; conduct applied research into the causes, transmissibility and control of animal disease and disorders; enforce sanitary standards and inspect

animals at livestock auction markets; monitor and enforce import-export requirements applied to livestock; and assist the Department of Health and Environmental Sciences in the control of animal diseases transmissible to man. The program is part of the Animal Health Division.

**Budget Issues**

In regard to the unfunded pay plan, the department chose to continue with those reductions made to personal services in FY87.

The program requests 12.30 FTE for both years of the new biennium for a reduction of 1.0 FTE from FY86.

Liability insurance for department vehicles increases \$521 in FY88 and in FY89 from FY86.

\$1,923 is requested in each year of the biennium to microfilm records.

The program request includes \$19,260 for one car and one 4x4 in FY88 and \$22,064 for two 4x4's in FY89. All vehicles to be replaced have over 100,000 miles.

Although Montana is a Brucellosis-free state, the program requests \$2,000 in each year of the biennium for indemnity payments in the event that a depopulation of diseased livestock would occur during the new biennium.

#### MILK & EGG PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	6.70	6.70	6.70	6.70
Personal Services	184,827.54	189,159	186,098	186,519
Operating Expenses	23,816.04	28,996	25,087	25,307
Equipment	13,302.00	14,454	18,009	18,562
<b>Total Program Costs</b>	<b>\$221,945.58</b>	<b>\$232,609</b>	<b>\$229,194</b>	<b>\$230,388</b>
General Fund	203,945.58	214,609	209,194	210,388
Federal & Other Spec Rev Fund	18,000.00	18,000	20,000	20,000
<b>Total Funding Costs</b>	<b>\$221,945.58</b>	<b>\$232,609</b>	<b>\$229,194</b>	<b>\$230,388</b>
Current Level Services	221,945.58	232,609	229,194	230,388
<b>Total Service Costs</b>	<b>\$221,945.58</b>	<b>\$232,609</b>	<b>\$229,194</b>	<b>\$230,388</b>

#### Program Description

The Milk and Egg Program's function is to insure that eggs, milk and milk products sold or manufactured in Montana are fit for human consumption. This function is accomplished through licensing, sampling, laboratory testing, and product and site inspecting done in cooperation with other state and federal agencies. The program supervises the enforcement of state and federal law. It is operated by the Animal Health Division.

#### Budget Issues

The programs obligation to the unfunded pay plan was met through department-wide reductions. No specific reductions were made in the milk and egg program.

6.70 FTE are requested in each year of the new biennium. This is consistent with current level.

\$17,240 is requested in FY88 for the purchase of two 4x4 pickups at a cost of \$8,620 per vehicle. In FY89, \$17,930 is requested to purchase two 4x4 pickups at a cost of \$8,965 per vehicle. The pickups to be replaced will each have at least 100,000 miles.

General funds account for 92 percent of total program funding.

#### INSPECTION & CONTROL PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	68.61	68.61	68.61	68.61
Personal Services	1,506,565.27	1,603,850	1,654,438	1,658,574
Operating Expenses	230,097.94	241,584	257,794	265,147
Equipment	75,932.00	77,088	- 66,257	74,718
<b>Total Program Costs</b>	<b>\$1,812,595.21</b>	<b>\$1,922,522</b>	<b>\$1,978,489</b>	<b>\$1,998,439</b>
State Special Revenue Fund	1,812,595.21	1,922,522	1,978,489	1,998,439
<b>Total Funding Costs</b>	<b>\$1,812,595.21</b>	<b>\$1,922,522</b>	<b>\$1,978,489</b>	<b>\$1,998,439</b>
Current Level Services	1,812,595.21	1,922,522	1,978,489	1,998,439
<b>Total Service Costs</b>	<b>\$1,812,595.21</b>	<b>\$1,922,522</b>	<b>\$1,978,489</b>	<b>\$1,998,439</b>

#### Program Description

The Inspection and Control Program is part of the Brands Enforcement Division and its staff are responsible for theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of livestock security interests, dealer licensing, and hide and beef inspection.

#### Budget Issues

Departmental obligations to the pay plan were not specifically met in this program. However, as a whole the department did meet the necessary cuts.

The program requests 68.61 FTE in each year of the biennium. This request is consistent with current level. A four percent vacancy savings is applied.

The operations budget increases \$27,697 in FY88 and by \$35,050 in FY89 in comparison to FY86.

Data-processing equipment is primarily responsible for this increase. The department requests \$8,050 in FY88 and \$13,150 in FY89 for long distance data circuits. The five circuits requested would connect Brand offices to the mainframe in Helena. In addition, \$1,991 in FY88 and \$2,960 in FY89 is requested for the maintenance of these requested systems. The Executive Budget includes a recommendation of \$1,500 in each year of the biennium to con-

nect the Helena terminal to the mainframe and \$718 in FY88 and \$754 in FY89 for the maintenance of a personal computer purchased in 1986 for inspection files.

It is recommended that the following language be incorporated into appropriations language for the new biennium: "A budget amendment may be requested if livestock sales increase significantly over present levels thus requiring increased funding to meet the additional workload."

This program is totally funded with fees and mill levies.

BEEF & PORK RSRCH & MRKTG Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	50.00	150	0	0
Operating Expenses	508,577.15	569,850	75,000	75,000
<b>Total Program Costs</b>	<b>\$508,627.15</b>	<b>\$570,000</b>	<b>\$75,000</b>	<b>\$75,000</b>
Federal & Other Spec Rev Fund	508,627.15	570,000	75,000	75,000
<b>Total Funding Costs</b>	<b>\$508,627.15</b>	<b>\$570,000</b>	<b>\$75,000</b>	<b>\$75,000</b>
Current Level Services	508,627.15	570,000	75,000	75,000
<b>Total Service Costs</b>	<b>\$508,627.15</b>	<b>\$570,000</b>	<b>\$75,000</b>	<b>\$75,000</b>

#### Program Description

The Beef and Pork Research and Marketing Program's functions are to promote effective research into the production and marketing of beef and pork through collection and distribution of funds. Funds derived from a per-head assessment on swine sold are distributed to the Pork Research and Marketing Committee and the National Pork Council. Funds derived from a per-head tax on cattle owned is allocated to the Montana Beef Council for distribution to state and national organizations. The Montana Pork Research and Marketing Committee is provided for in section 2-15-3103, MCA, and is attached to the Department of Livestock for administrative purposes.

as federal funds in current level. In FY87 the funds were converted to a fiduciary standing. As such, they are no longer accounted for in current level. Approximately \$75,000 of the funding remains in the program at current level for administration.

The program experienced a significant funding change in FY87 that is anticipated to carry over into the 89 biennium. The National Beef Council was successful in obtaining legislation that enables them to collect one dollar per head. This change will significantly increase the revenue to this program because, as in the past, the Department will collect this money and forward it to the National Beef Council for 25 cents per head as defined in the Montana Beef Research and Marketing Act.

#### Budget Issues

This program has no FTE.

Beef and Pork is funded totally with beef research and marketing funds. In FY86 this revenue source was reflected

PREDATORY ANIMAL CONTROL PGM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	2.00	1.00	1.00	1.00
Personal Services	38,623.20	44,122	40,456	40,672
Operating Expenses	142,307.69	206,874	215,634	218,920
Equipment	4,691.41	6,200	0	0
<b>Total Program Costs</b>	<b>\$185,622.30</b>	<b>\$257,196</b>	<b>\$256,090</b>	<b>\$259,592</b>
State Special Revenue Fund	185,622.30	257,196	256,090	259,592
<b>Total Funding Costs</b>	<b>\$185,622.30</b>	<b>\$257,196</b>	<b>\$256,090</b>	<b>\$259,592</b>
Current Level Services	185,622.30	257,196	256,090	259,592
<b>Total Service Costs</b>	<b>\$185,622.30</b>	<b>\$257,196</b>	<b>\$256,090</b>	<b>\$259,592</b>

#### Program Description

The Control Program offers protection to livestock producers by controlling certain types of predators that kill or

injure domestic livestock. The program is also designed to alleviate problems caused by species that may endanger human health or safety, particularly the coyote, which can

carry bubonic plague. The program is operated by the Brands Enforcement Division.

#### Budget Issues

Department cuts necessary to fund the unfunded portion of the pay plan are not reflected in this program.

A helicopter pilot (1.0 FTE) is requested in both years of the biennium. This is adequate since the program now has only one helicopter. A four percent vacancy savings is applied.

The program request reflects a change in procedure. The department has reduced its three helicopters to one and contracts out the remaining work. Consequently, contract ser-

vices increases approximately \$31,000 in each year of the biennium.

The program requests \$800 in each year of the biennium for the continuing education and training for the helicopter pilot.

Due to the age of the aircraft and the safety requirements of the FAA, high maintenance costs for the helicopter are anticipated in FY88 and 89. \$55,141 in FY88 and \$60,141 in FY89 is requested for this purpose.

This program is funded entirely with Inspection and Control funds. Funding increases approximately \$70,000 in FY88 and \$73,970 in FY89.

RABIES CONTROL Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	100.00	0	0	0
Operating Expenses	82,889.00	182,727	82,613	82,613
<b>Total Program Costs</b>	<b>\$82,989.00</b>	<b>\$182,727</b>	<b>\$82,613</b>	<b>\$82,613</b>
General Fund	67,989.00	0	67,613	67,613
State Special Revenue Fund	15,000.00	182,727	15,000	15,000
<b>Total Funding Costs</b>	<b>\$82,989.00</b>	<b>\$182,727</b>	<b>\$82,613</b>	<b>\$82,613</b>
Current Level Services	82,989.00	182,727	82,613	82,613
<b>Total Service Costs</b>	<b>\$82,989.00</b>	<b>\$182,727</b>	<b>\$82,613</b>	<b>\$82,613</b>

#### Program Description

The Rabies Control Program was designed to prevent exposure of domestic animals and humans from rabid skunks. The program is part of the Animal Health Division.

#### Budget Issues

This program is funded at current level.

Historically, this program has been funded with general funds. RIT funds were substituted for general funds during the special session in June, 1986. It is suggested that General funds be utilized in the new biennium. \$15,000 in Inspection and Control funds is also used.



Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	273.22	252.67	253.42	255.42
Personal Services	6,507,248.25	6,258,007	6,656,425	6,721,272
Operating Expenses	2,869,898.80	3,610,414	5,884,685	3,513,405
Equipment	196,424.79	49,767	95,673	91,743
Capital Outlay	66,195.02	0	4,241,000	0
Local Assistance	98,646.20	95,000	95,000	95,000
Grants	2,772,683.79	945,759	380,650	449,850
Benefits and Claims	29,425.13	0	0	0
Transfers	2,289,727.93	0	28,314	28,314
Debt Service	11,186,144.31	8,500	40,290	40,484
<b>Total Agency Costs</b>	<b>\$26,016,394.22</b>	<b>\$10,967,447</b>	<b>\$17,422,037</b>	<b>\$10,940,068</b>
General Fund	4,416,053.26	4,059,452	4,689,163	4,758,348
State Special Revenue Fund	20,378,956.57	5,706,641	6,344,025	5,010,217
Federal & Other Spec Rev Fund	1,221,384.39	1,201,354	6,388,849	1,171,503
<b>Total Funding Costs</b>	<b>\$26,016,394.22</b>	<b>\$10,967,447</b>	<b>\$17,422,037</b>	<b>\$10,940,068</b>
Current Level Services	25,940,398.87	10,967,447	16,522,181	10,019,650
Modified Level Services	75,995.35	0	899,856	920,418
<b>Total Service Costs</b>	<b>\$26,016,394.22</b>	<b>\$10,967,447</b>	<b>\$17,422,037</b>	<b>\$10,940,068</b>

**Agency Description**

Through execution of the statutory responsibilities concerning Montana's land, water, and energy resources, the Department of Natural Resources and Conservation (DNRC) assists in maintaining and enhancing the quality of life in the state. Resources are managed and their develop-

ment assisted to answer human needs and achieve economic well-being. Safeguards are provided so that development activities do not unduly jeopardize the human or natural environment, unavoidable effects are mitigated, and the resource needs of future generations can be met. The department is provided for in section 2-15-3301, MCA.

CENTRALIZED SERVICES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	42.50	43.00	41.00	42.00
Personal Services	1,123,391.72	1,134,523	1,133,859	1,178,879
Operating Expenses	466,586.78	330,812	439,405	413,833
Equipment	35,474.58	3,097	3,975	2,275
<b>Total Program Costs</b>	<b>\$1,625,453.08</b>	<b>\$1,468,432</b>	<b>\$1,577,239</b>	<b>\$1,594,987</b>
General Fund	1,117,902.48	996,934	1,185,780	1,229,050
State Special Revenue Fund	337,840.53	281,667	261,202	260,683
Federal & Other Spec Rev Fund	169,710.07	189,831	130,257	105,254
<b>Total Funding Costs</b>	<b>\$1,625,453.08</b>	<b>\$1,468,432</b>	<b>\$1,577,239</b>	<b>\$1,594,987</b>
Current Level Services	1,625,453.08	1,468,432	1,552,453	1,570,435
Modified Level Services	0.00	0	24,786	24,552
<b>Total Service Costs</b>	<b>\$1,625,453.08</b>	<b>\$1,468,432</b>	<b>\$1,577,239</b>	<b>\$1,594,987</b>

**Program Description**

The staff of the Centralized Services Program perform managerial and administrative support services essential to the effective operation of all DNRC divisions. Areas of responsibility include budgeting and accounting, payroll preparation, purchasing, systems analysis and data processing, inventory, legal counsel, personnel, research center, public information and involvement, and technical writing, editing and cartography.

**Budget Issues**

The Department met its obligation for the unfunded portion of the pay plan through reduction in staff, leaving positions

vacant or reducing operating costs. In Central Services, FTE was reduced 1.5 positions in FY88 and .50 positions in FY89.

The Department requests 41 current level FTE in FY88 and 42 positions in FY89. This represents a reduction in total staff from the FY86 level. A four percent vacancy savings is applied.

Payroll service fees charged to Central Services increase \$11,171 in FY88 and \$10,772 in FY89. Audit fees increase \$10,089 in FY88 from FY86.

\$2,000 in each year of the new biennium is requested to cover the cost of watering and general maintenance of the

plants which were purchased in the last biennium to decorate the DNRC building. The cost is based on \$6 per hour, six hours per week, 52 weeks a year.

Travel is recommended at current level.

Computer maintenance costs are allocated to all the divisions based upon the number of terminals being utilized. Central Services requests \$11,149 in each year of the biennium to cover its portion of the maintenance agreement.

The department requests \$16,034 in FY88 and \$14,567 in FY89 for grounds maintenance.

In each year of the biennium, \$11,567 is requested for transfer to the general fund of that portion of federal indirect costs associated with the SWCAP.

Central Services share of departmental state special revenue is calculated by taking an amount equal to five percent of the requested funding from state special revenue accounts not associated with loan and grant activity. The percentage

was applied to operational expenses only. A cap was not utilized.

#### Modification Requests

Loans/Grants Audit - An additional 1.0 FTE is requested to handle: 1) all accounting functions in relation to Water Development Bond Sales and; 2) regular audits of all Department loans and grants.

The funding for this program would be allocated according to a variety of funding sources.

Funding Source	FY88	FY89
Water Development	\$ 514	\$ 510
Renewable Resources	257	254
Natural Resource Grants	14,514	14,373
RIT	2,054	2,035
Rangeland Improvement	5,136	5,089
Conservation Districts	2,054	2,035
Centralized Services	257	254
<b>TOTAL</b>	<b>\$24,786</b>	<b>\$24,550</b>

#### OIL & GAS REGULATION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	24.00	22.00	22.00	22.00
Personal Services	574,510.55	568,885	568,073	567,822
Operating Expenses	208,099.05	265,261	236,801	231,175
Equipment	33,917.45	28,700	10,434	31,992
Debt Service	1,954.11	0	3,170	2,905
<b>Total Program Costs</b>	<b>\$818,481.16</b>	<b>\$862,846</b>	<b>\$818,478</b>	<b>\$833,894</b>
State Special Revenue Fund	818,481.16	862,846	818,478	833,894
<b>Total Funding Costs</b>	<b>\$818,481.16</b>	<b>\$862,846</b>	<b>\$818,478</b>	<b>\$833,894</b>
Current Level Services	818,481.16	862,846	818,478	833,894
<b>Total Service Costs</b>	<b>\$818,481.16</b>	<b>\$862,846</b>	<b>\$818,478</b>	<b>\$833,894</b>

#### Program Description

The function of the Oil and Gas Conservation Division is to administer Montana oil and gas laws to promote conservation and prevent wasteful practices in the recovery of these resources. Exploration and drilling are regulated through permits, well classifications, inspections and investigations. Well spacing units, secondary recovery programs and pooling orders are established and engineering and geologic studies are conducted.

Well information, including logs, completion data, test data and production records, is collected and filed for public and industry research. Well data and production information are also entered into an oil and gas database and statistical reports are compiled and published.

#### Budget Issues

The Oil and Gas Program met its obligation for the unfunded pay plan through the deletion of two FTE and a reduction of \$5,000 for operating expenses associated with those positions.

The program includes 22.0 FTE in both years of the new biennium. A four percent vacancy savings is applied.

Section 82-10-402, MCA establishes the authority to use Resource Indemnity Trust (RIT) funds to cap oil wells if certain criteria are met. The budget includes \$10,000 of RIT funds in each year of the biennium for this purpose. Historically, this has been the level of funding utilized for this purpose.

The program includes a biennial appropriation of \$5,000 for preliminary legal costs associated with litigation related to Montana Environmental Protection Act (MEPA).

The budget recommendation includes compensation for board members in accordance with 2-15-124, MCA. The rate is \$50 per day for seven board members, 18 days per year. The base year does not reflect this rate because of board members' absences from some meetings. The total request is \$6,300 in each year of the biennium.

The program includes \$3,000 in each year of the biennium for legal fees and court costs. There is an anticipation of higher legal costs due to the possibility of more operators becoming insolvent in a depressed oil climate.

In FY89, \$24,400 is recommended for the purchase of two 4x4 pickups. Vehicles will replace trucks assigned to inspectors in the Glendive and Shelby offices.

# CONSERVATION DISTRICTS Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	5.20	5.20	5.20	5.20
Personal Services	138,316.84	137,995	140,660	140,619
Operating Expenses	115,529.99	378,371	616,065	116,777
Equipment	1,079.99	250	200	1,156
Local Assistance	98,646.20	95,000	95,000	95,000
Grants	296,928.37	220,000	291,250	291,250
<b>Total Program Costs</b>	<b>\$650,501.39</b>	<b>\$831,616</b>	<b>\$1,143,175</b>	<b>\$644,802</b>
General Fund	0.00	340,923	0	0
State Special Revenue Fund	648,360.44	487,990	1,140,472	642,099
Federal & Other Spec Rev Fund	2,140.95	2,703	2,703	2,703
<b>Total Funding Costs</b>	<b>\$650,501.39</b>	<b>\$831,616</b>	<b>\$1,143,175</b>	<b>\$644,802</b>
Current Level Services	650,501.39	831,616	1,143,175	644,802
<b>Total Service Costs</b>	<b>\$650,501.39</b>	<b>\$831,616</b>	<b>\$1,143,175</b>	<b>\$644,802</b>

## Program Description

The Conservation Districts Division staff supervise the administration of soil and water conservation districts. The division staff perform eight major functions:

Conservation Districts Supervision - provides supervision, assistance, and coordination to local conservation districts in their efforts toward proper development and management of land, water and other resources.

The 208 Sediment Control Project - assists districts in complying with federal water-quality objectives, emphasizing a district level water quality program.

The Rangeland Resource Project - established under the Montana Rangeland Resource Act by the 1977 Legislature, improves rangeland management and coordinates federal, state, and local range-management efforts.

The Watershed Planning Project - reviews small watershed projects with assistance and partial funding by the Soil Conservation Service of the U.S. Department of Agriculture under Public Law 566.

The Cooperative State Grazing Districts - assists and advises the state grazing districts regarding the conservation, protection, and restoration of grass, forage, and range resources.

Resources Conservation Planning - provides an appraisal of soil, water, and related resources every five years and of corresponding plans at conservation district, state, and national levels.

The Rangeland Improvement Loan Program - provides low interest loans to private landowners for rangeland improvement and development projects.

The Conservation District Grant Program (223) provides grants to conservation districts for a variety of conservation-related projects including planning, feasibility studies, and many applied conservation practices.

Administrative Grants - provides grant funds to conservation districts for district administration and operation.

Riparian Management Program - provides grant funds to conservation district for demonstration projects showing

non-typical streambank and riparian area protection measures.

Conservation Tillage Information Program - assists in establishment of conservation tillage committees and provides tillage information to individuals.

Conservation Reserve Program - assists the conservation review group and conservation districts in establishing state-wide policy and implementing the reserve program portion of the Federal Farm Program.

## Budget Issues

Conservation Districts obligation to the unfunded pay plan was addressed by cutting the Division's contracted services, supplies, saline seep, and administrative grant programs.

Staffing remains at 5.20 FTE in both years of the new biennium. A four percent vacancy savings is applied.

The Watershed Program is a group effort between the State of Montana and the Soil Conservation Service. The funds requested for this program are provided through the Renewable Resource Development Program.

The Division administers a Rangeland Improvement Loan Program as established by Legislature. A \$500,000 biennial appropriation is recommended. Funding for this program is from the interest and repayments of past loans. No new funds are required.

In FY89, \$900 is added for application fees for RRD and Water Development. The request assumes six applications at \$150 each.

\$95,000 is budgeted in each year of the new biennium for local assistance grants. The budget recommends that RIT be used for this purpose.

In each year of the biennium, \$291,250 is requested for Conservation District Grants. In both FY88 and FY89, \$71,250 of RIT funds is requested for the saline seep program.

The Corp of Engineers locates staff members at the DNRC office to assist individuals with Corps of Engineers applications. The Corps provides \$2,703 in each year of the biennium to cover administrative costs.

**WATER RESOURCES & PLANNING**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	148.09	144.47	146.22	147.22
Personal Services	3,545,534.24	3,460,549	3,740,306	3,763,920
Operating Expenses	1,367,880.42	1,103,544	1,304,262	1,271,869
Equipment	103,616.72	14,470	73,160	46,315
Capital Outlay	26,024.86	0	4,241,000	0
Grants	1,504,444.36	0	0	0
Benefits and Claims	29,425.13	0	0	0
Transfers	2,289,727.93	0	28,314	28,314
Debt Service	11,184,190.20	8,500	37,120	37,579
<b>Total Program Costs</b>	<b>\$20,050,843.86</b>	<b>\$4,587,063</b>	<b>\$9,424,162</b>	<b>\$5,147,997</b>
General Fund	2,900,724.08	2,277,125	3,031,231	3,044,180
State Special Revenue Fund	17,112,563.45	2,267,138	2,883,361	2,034,142
Federal & Other Spec Rev Fund	37,556.33	42,800	3,509,570	69,675
<b>Total Funding Costs</b>	<b>\$20,050,843.86</b>	<b>\$4,587,063</b>	<b>\$9,424,162</b>	<b>\$5,147,997</b>
Current Level Services	20,050,843.86	4,587,063	8,856,925	4,603,708
Modified Level Services	0.00	0	567,237	544,289
<b>Total Service Costs</b>	<b>\$20,050,843.86</b>	<b>\$4,587,063</b>	<b>\$9,424,162</b>	<b>\$5,147,997</b>

**Program Description**

The Water Resources Division staff are responsible for many programs associated with the uses, development and protection of Montana's water. These programs include the following:

**Water Planning** - (Title 85, chapter 1, MCA) - administers Montana's water planning responsibilities, which include ensuring that Montana's interests are represented in national water policy and federal water resources programs and projects conducted in Montana. The program includes protection of future water requirements, formulation of plans and alternatives, administration of the water reservation statutes, identification of water storage needs and projects, evaluation of effects of varying levels of water use, recommendations for implementation methods for water resource programs and projects, and development of state water policy.

**Water Rights** - (Article IX, Section 3 of the Montana Constitution) - administers a permit system for new appropriations and is centralizing all existing water rights records and administers the Water Rights Adjudication Act, which established a water court system to adjudicate existing water rights claimed prior to July 1, 1973. Although the responsibility for the adjudication program is with the Judiciary, the division staff handles technical and administrative tasks for the court.

**Water Projects** - (Title 85, chapter 1, MCA) - provides water to Montana citizens by developing, operating and maintaining a system of 40 state-owned water conservation projects.

**Floodplain Management Program** - (Title 76, chapter 3, MCA) determines 100-year frequency floodway and floodplain boundaries for all streams in Montana and manages and regulates floodprone lands and waters to prevent or alleviate flood threats to life and property. As the state's coordinating agent for the Department of Housing and Urban Development Federal Flood Insurance Program, the Floodplain Management Program staff assist local political subdivisions in meeting flood insurance eligibility requirements.

**Dam Safety** - (Title 85, chapter 15, MCA) - administers a permit system for construction, repair, alteration, and removal of state or private dams 50 acre-feet or over where the failure may cause a loss of life; may make emergency

repairs or breach a dam to safeguard life or property; establish safety standards for the design, construction, operation and maintenance of high hazard dams and reservoirs.

**Board of Water Well Contractors** - (Title 37, Chapter 43, MCA) administer and participate with the Board of Water Well Contractors the licensing of well drillers and the development and enforcement of well construction standards.

**Renewable Resources** - (Title 90, chapter 2, MCA) - implements the Renewable Resource Development (RRD) act. The RRD program invests coal severance funds in Montana's renewable resources, either through direct grants, loans or as security for the issuance of state revenue bonds. The Water Resources Division staff review all applications for Renewable Resource loans and grants and make recommendations to the Governor. When RRD grants are awarded by the Legislature, the staff of the Water Resources Division administer the grants to insure proper execution of legislative intent.

**Water Development** - (Title 85, chapter 1, MCA) - administers Montana's Water Development Program, which provides grants and loans to public and private entities. In addition, bonds backed by the coal severance tax are sold for the development of water resource projects.

**Water Allocation Negotiations** - (Title 85, chapters 1 and 2, MCA) - ensures that Montana's interests are represented in negotiations with other states and Canada regarding water allocation. Staff assistance is also provided to the Reserved Water Rights Compact Commission, which negotiates with federal agencies and Indian tribes concerning reserved water rights.

**Budget Issues**

The Water Division met its obligation for the unfunded portion of the pay plan through the deletion of 1.87 FTE in FY88 and .87 FTE in FY89. The Division also made cuts to its operational budget.

Current level 146.22 FTE are requested in FY88 FY89. A four percent vacancy savings is applied.

The budget reflects a decrease of \$327,399 for consulting and professional services in each year of the biennium from the actual 86 expenditure. This decrease is because capitol

projects for engineering were removed and are now included under capitol projects.

The budget includes \$5,938 in each year of the biennium for legal fees and court costs. The Division expects two court cases a year in regard to waterwell drillers. The estimated cost per case is \$38 per hour x 60 hours x two cases. The budget request for current level private legal counsel increases \$13,031 in both years of the biennium from the FY86 level. This increase reflects the continued litigation of the Daly Ditches disposal suit and the use of attorneys as hearing officers for floodplain.

RIT funds are used to offset \$331,057 in FY88 and \$303,904 in FY89 general funds; and as determined in statute, for capital improvement projects and for operating costs in the Water Development Division. The total RIT request for the Water Division is \$437,256 in FY88 and \$409,661 in FY89.

\$65,000 Renewable Resource Funds are requested in each year of the biennium to be used for the administrative costs associated with the grant program. (Grants are included in separate legislation.)

#### Modification Requests

R W R C C - This modification request continues funding of the Montana Reserved Water Rights Compact Commission. No additional FTE's are requested. A biennial appro-

priation is requested. Funding is a split between RIT and general fund.

Funding Source	FY88	FY89
RIT	\$114,883	\$114,739
General Fund	\$114,884	\$114,740

Missouri Basin Reservoir - The 1985 Legislature directed that a comprehensive basin-wide water reservation proceeding be completed in the Missouri River Basin by December 1, 1989. The Division requests the funding to continue the project on the portion of the basin below Canyon Ferry Dam. 1.0 FTE is requested. Funding for the program is RIT.

FY88 = \$174,407                      FY89 = \$174,358

Dam Safety - This modification request continues the dam safety program. Estimated costs for FY88 and 89 include the cost for assuring safety of high hazard dams, reviewing permits and conducting inspections. The request includes 3.0 FTE in FY88 and 4.0 FTE in FY89. RIT funding is requested.

FY88 = \$127,563                      FY89 = \$140,452

Powder River - The request is for a continuation of funding for negotiations in regard to Powder River. A biennial appropriation is requested. RIT funds would be utilized.

FY88 = \$35,500                      FY89 = 0

ENERGY PLANNING Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	53.43	38.00	39.00	39.00
Personal Services	1,125,494.90	956,055	1,073,527	1,070,032
Operating Expenses	711,802.56	1,532,426	3,288,152	1,479,751
Equipment	22,336.05	3,250	7,904	10,005
Capital Outlay	40,170.16	0	0	0
Grants	971,311.06	725,759	89,400	158,600
<b>Total Program Costs</b>	<b>\$2,871,114.73</b>	<b>\$3,217,490</b>	<b>\$4,458,983</b>	<b>\$2,718,388</b>
General Fund	397,426.70	444,470	472,152	485,118
State Special Revenue Fund	1,461,710.99	1,807,000	1,240,512	1,239,399
Federal & Other Spec Rev Fund	1,011,977.04	966,020	2,746,319	993,871
<b>Total Funding Costs</b>	<b>\$2,871,114.73</b>	<b>\$3,217,490</b>	<b>\$4,458,983</b>	<b>\$2,718,388</b>
Current Level Services	2,795,119.38	3,217,490	4,151,150	2,366,811
Modified Level Services	75,995.35	0	307,833	351,577
<b>Total Service Costs</b>	<b>\$2,871,114.73</b>	<b>\$3,217,490</b>	<b>\$4,458,983</b>	<b>\$2,718,388</b>

#### Program Description

The staff of the Energy Division administer the Montana Major Facility Siting Act (MFSA), the Alternative Energy Grant and Loan Program, the Energy Emergency Powers Act, and federally-sponsored energy conservation programs. These responsibilities are carried out by three bureaus.

The Facility Siting Bureau designs and conducts environmental impact and monitoring studies and performs analyses of energy projects under either MFSA or the Montana Environmental Policy Act (MEPA). In addition, the bureau conducts and/or supervises impact assessment and research studies when its environmental expertise is requested by the Board of Natural Resources and Conservation, other bureaus, divisions, or state or federal agencies. The bureau 1) writes, oversees, and implements administrative rules for MFSA; 2) evaluates the environmental and economic im-

pacts of transmission lines, power plants, pipelines, and other major energy facilities, or projects in accordance with rules, and regulations of MFSA, MEPA or other environmental laws; 3) monitors construction and cleanup activities to determine compliance with state conditions of approval adopted for projects; and 4) researches and gathers information to formulate and recommend environmental standards, siting policies and mitigating measures for adoption by the Board or other state agencies.

The Planning and Analysis Bureau is responsible for the conducting energy need and energy alternative analysis as required under MFSA and MEPA. The bureau develops and analyzes energy policy, evaluates and monitors energy issues that may affect Montana, short-term (contingency) and long-term energy planning studies. In addition, the bureau administers the Energy Emergency Powers Act and monitors petroleum supplies and demand in Montana, collects and

updates energy data, conducts feasibility studies of alternate energy and energy conservation, provides planning and analytic support to other bureaus in the division and conducts other special projects relating to energy.

The Conservation and Renewable Energy Bureau's purpose is to reduce Montana's dependence on fossil fuels by encouraging energy conservation and the use of renewable resources. Bureau staff administer the Renewable Energy and Conservation Program and approximately ten other federally funded conservation programs. They award grants and loans to individuals and organizations for projects that research, develop, demonstrate, or commercialize energy conservation and renewable energy sources such as solar, wind, geothermal, water, and biomass. The bureau staff are also responsible for development and implementation of several energy conservation under the U.S. Department of Energy and Bonneville Power Administration.

#### **Budget Issues**

The Energy Division met its obligation for the unfunded portion of the pay plan through reductions in personal services and in operating services. 39.0 FTE are requested in each year of the biennium. This is a reduction of 14.43 FTE from FY86. A four percent vacancy saving is applied.

Requested in each year of the biennium, is \$2,488, for in-state aircraft rental. Funds will be used to fly the Board to project sites and meetings and to fly staff to Renewable Energy Conservation Program (RECP) project sites. Of the total request, \$2,048 is for Board related travel.

The department requests \$3,377 in FY88 and FY89 for computer maintenance. This amount represents the department's share of the agency's total costs.

The budget includes \$30,000 in FY88 and \$20,000 in FY89 in Coal Tax Funds for retrofit projects. \$968,861 was the actual expenditure for this project in FY86.

Due to the substantial decline in alternate energy funds, the Energy Division budget shows reduction of these funds by \$1,046,257 in FY88 and by \$1,047,371 in FY89. Program cuts were made in both personal and operating costs, as well as to projects and grants. The Division hopes to be able to offset this loss with oil severance tax funds.

#### **Modification Requests**

**Residential Construction Demonstration** - The request is for continuation of the Residential Construction Demonstration Project, which is funded by the Bonneville Power Administration through the Washington State Energy Office. The program is federally funded.

FY88 = \$220,194

FY89 = \$264,042

**Energy Extension Service** - The request would increase the current level of the Energy Extension Service Program, which is designed for information and outreach of energy conservation ideas. The program is federally funded.

FY88 = 25,377

FY89 = \$25,335

**Technical Assistance Program** - The division is requesting an increase to the current Technical Assistance Program. The program is federally funded.

FY88 = \$72,639

FY89 = 72,535

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	1,029.88	984.95	854.17	838.97
Personal Services	20,681,801.34	20,440,277	18,957,979	18,631,687
Operating Expenses	33,223,508.72	33,902,260	32,244,043	31,397,329
Equipment	527,480.14	349,773	295,517	397,147
Local Assistance	9,990,968.56	160,000	160,000	175,000
Benefits and Claims	3,274.00	0	0	0
Transfers	15,822,072.50	14,330,000	12,993,486	12,268,807
<b>Total Agency Costs</b>	<b>\$80,249,105.26</b>	<b>\$69,182,310</b>	<b>\$64,651,025</b>	<b>\$62,869,970</b>
General Fund	18,841,525.08	17,267,091	17,809,800	17,894,043
State Special Revenue Fund	12,737,905.59	880,288	1,131,190	1,122,193
Federal & Other Spec Rev Fund	1,363,383.52	1,560,191	1,446,515	1,470,786
Proprietary Fund	47,306,291.07	49,474,740	44,263,520	42,382,948
<b>Total Funding Costs</b>	<b>\$80,249,105.26</b>	<b>\$69,182,310</b>	<b>\$64,651,025</b>	<b>\$62,869,970</b>
Current Level Services	80,249,105.26	69,182,310	63,889,540	61,892,677
Modified Level Services	0.00	0	761,485	977,293
<b>Total Service Costs</b>	<b>\$80,249,105.26</b>	<b>\$69,182,310</b>	<b>\$64,651,025</b>	<b>\$62,869,970</b>

**Agency Description**

The principal responsibility of the Department of Revenue is to collect and enforce approximately 31 state taxes and fees. The Department is also responsible for regulating the sale and distribution of alcoholic beverages.

**Budget Issues**

The recommended budget for the Department of Revenue reflects a substantial decrease from the FY86 level of expenditures, and general fund for current level operations decreases over the 1989 biennium when compared to the FY86 level. This decline is due to several factors. The current level FTE level decreases from 1,029.88 to 821.67 in FY88 and to 806.47 in FY89. This decrease is due to the end of the reappraisal cycle, the continuing conversion of state liquor stores to agency stores, and to the elimination of 55.15 FTE to absorb the unfunded pay plan.

Operating expenses reflect this same trend, decreasing \$979,000 million between FY86 and FY88 and decreasing \$1.82 million between FY86 and FY89. Areas that change substantially are: contract services, which increase approximately \$1 million per year over the FY86 level - primarily due to higher commissions for agency liquor store operators (\$629,182 in FY88 and \$865,505 in FY89); and increased data processing costs for the automated revenue systems that come on line in FY87 and are not reflected in the FY86 expenditures.

The large change in local assistance is due to the statutory appropriations that are not budgeted in the 1989 biennium but are shown in the FY86 actual expenditures. These expenditures are described in the program narratives that follow, but are non-budgeted items because they are authorized by statute.

Modified Requests are explained in detail in the specific program narratives that follow.

DIRECTORS OFFICE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	16.50	14.50	15.00	15.00
Personal Services	496,771.40	480,823	520,085	520,975
Operating Expenses	207,562.69	120,663	270,030	154,816
Equipment	827.14	118	440	465
Benefits and Claims	3,274.00	0	0	0
<b>Total Program Costs</b>	<b>\$708,435.23</b>	<b>\$601,604</b>	<b>\$790,555</b>	<b>\$676,256</b>
General Fund	521,755.23	469,156	600,228	533,107
State Special Revenue Fund	114,769.00	86,856	116,099	97,544
Proprietary Fund	71,911.00	45,592	74,228	45,605
<b>Total Funding Costs</b>	<b>\$708,435.23</b>	<b>\$601,604</b>	<b>\$790,555</b>	<b>\$676,256</b>
Current Level Services	708,435.23	601,604	790,555	676,256
<b>Total Service Costs</b>	<b>\$708,435.23</b>	<b>\$601,604</b>	<b>\$790,555</b>	<b>\$676,256</b>

**Program Description**

The Director's Office provides management control, coordination of policy direction, strategic planning, legal and per-

sonnel services that assist the tax programs in carrying out their respective collection and enforcement responsibilities.

This office provides detailed studies concerning the impact on state and local revenue sources caused by legislative action, executive decisions and changes in economic patterns. It provides a fact-finding service to the legislative and executive branches of State government, to the public and others interested in revenue issues in the State. In addition, it publishes major statistical reports on Montana taxation and a summary of all taxes, licenses and fees of the State.

The program provides variety of management and administrative services such as legal services, planning and research, and personnel to all program areas.

The purpose of the program is to improve the efficiency of Departmental operations, increase the speed and accuracy with which tax payments are handled, and increase the degree of taxpayer compliance with state laws.

### Budget Issues

The recommended budget for the Director's office increases approximately \$82,000 between FY86 and FY88, and decreases approximately \$32,000 when FY86 is compared to FY89. The primary reason for this change in funding level is due to the audit which is budgeted at \$115,200 in FY88.

The FTE level declines due to reductions for absorption of the unfunded pay plan, with the remaining 15.00 FTE fully funded. Benefits shown in FY86 are distributions for Supreme Court candidates. These expenditures are statutorily appropriated and are not included in the 1989 biennium budget.

Equipment for FY88 includes a file cabinet, dictaphone, and calculator. Equipment in FY89 includes a file cabinet and a transcriber.

### CENTRALIZED SERVICES DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	Recommendation FY 1989
Full Time Equivalent Employees	37.27	37.27	35.27	35.27
Personal Services	733,690.86	748,029	746,565	746,787
Operating Expenses	124,301.66	87,292	143,834	145,852
Equipment	6,782.50	6,000	3,900	4,450
Local Assistance	2,516,012.03	0	0	0
Transfers	1,750,680.00	0	0	0
<b>Total Program Costs</b>	<b>\$5,131,467.05</b>	<b>\$841,321</b>	<b>\$894,299</b>	<b>\$897,089</b>
General Fund	858,175.02	836,321	887,413	890,181
State Special Revenue Fund	4,266,692.03	0	0	0
Federal & Other Spec Rev Fund	6,600.00	5,000	6,886	6,908
<b>Total Funding Costs</b>	<b>\$5,131,467.05</b>	<b>\$841,321</b>	<b>\$894,299</b>	<b>\$897,089</b>
Current Level Services	5,131,467.05	841,321	894,299	897,089
<b>Total Service Costs</b>	<b>\$5,131,467.05</b>	<b>\$841,321</b>	<b>\$894,299</b>	<b>\$897,089</b>

### Program Description

The Centralized Services Division provides support services to all Department divisions. In addition, the division provides bad debt collection and write-off service for all state agencies by collecting debts owed and writing off uncollectible debts. The program also administers the beer and wine tax statutes regarding department tax collections.

Specific responsibilities include:

- Recording, summarizing, analyzing and reporting budget and accounting data including cash receipts, distribution and payment of invoices;
- Maintaining beer and wine tax collection records and completion of monthly collection reports;
- Providing centralized payroll services and position control services for all divisions;
- Maintaining records for all Department fixed assets;
- Performing inventory, fiscal and performance audits of all state liquor stores;
- Depositing all tax collections for the Department;
- Receiving and distributing all Department mail;
- Maintaining a supply operation for liquor stores and a purchasing function for Department purchases;
- Maintaining a revenue-producing debt collection service for all state agencies.

### Budget Issues

The Centralized Services Division increases approximately \$35,000 over the FY86 level in each year of the 1989 biennium,

when statutory appropriations are removed from the FY86 base. The FTE level decreases by 2.0 due to the absorption of the unfunded pay plan. Base level operating expenses have been reduced by \$27,000 due to one time expenses in professional contracts and printing.

Current level expenditures have been increased by \$42,000 in FY88 and by \$46,255 in FY89 for data processing charges for the new revenue control system. This system will automate accounting, cashiering, and accounts receivable for the department.

Travel expenses were increased \$648 per year to restore travel for training that was foregone in FY86. Rent expenses increase by approximately \$12,000 per year to fund upkeep of the capitol complex by Fish, Wildlife and Parks. In FY88, equipment recommended includes 1 calculator, 1 typewriter to replace existing equipment and a personal computer. Equipment budgeted for FY89 includes 1 calculator and 1 typewriter, and a check endorsing machine at \$3,550.

The local assistance and transfers shown in FY86 are statutory appropriations for the return of liquor, beer, and wine tax revenues to counties, and for the transfer of appropriated funds from the Resource Indemnity Trust Fund. These are not included in the recommended budget because the appropriations are provided for in statute.



**DATA PROCESSING DIVISION**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	60.50	54.50	54.50	54.50
Personal Services	1,205,762.22	1,165,145	1,274,680	1,273,448
Operating Expenses	326,814.11	194,363	198,971	206,741
Equipment	38,714.43	8,042	10,475	7,950
<b>Total Program Costs</b>	<b>\$1,571,290.76</b>	<b>\$1,367,550</b>	<b>\$1,484,126</b>	<b>\$1,488,139</b>
General Fund	1,151,103.76	938,313	1,094,145	1,097,076
Proprietary Fund	420,187.00	429,237	389,981	391,063
<b>Total Funding Costs</b>	<b>\$1,571,290.76</b>	<b>\$1,367,550</b>	<b>\$1,484,126</b>	<b>\$1,488,139</b>
Current Level Services	1,571,290.76	1,367,550	1,460,602	1,464,655
Modified Level Services	0.00	0	23,524	23,484
<b>Total Service Costs</b>	<b>\$1,571,290.76</b>	<b>\$1,367,550</b>	<b>\$1,484,126</b>	<b>\$1,488,139</b>

**Program Description**

The Data Processing Division provides automated data and word processing services, detailed systems requirements analysis, systems development and maintenance services, technical support for Departmental and personal computers, and research services relating to tax policy, revenue estimating, and Montana tax laws.

**Budget Issues**

The recommended budget for this program declines from the FY86 base by 7.0 FTE. Four of these FTE were deleted to enable the department to absorb the FY87 unfunded pay plan. Three of the four FTE added by the last legislature are deleted because they were added to design automation systems within the department and these systems are, or will be, operational in FY87. One FTE is retained and presented as a modified request to perform maintenance on the systems that were developed. The FTE level shown for FY87

does not reflect reorganization which placed all data processing personnel (an additional 6.0 FTE) into this program. Operational costs decline substantially due to less time using the mainframe computer for development. The recommended equipment includes an advanced personal computer and related hardware and 1 workstation in FY88, and 2 workstations in FY89. The historic funding split has been continued into the 1989 biennium between liquor funds and the general fund.

**Modification Request**

The recommended budget includes 1.0 FTE to perform system maintenance on the automation systems that were developed over the 1987 biennium. This program had 4.0 FTE added by the last Legislature, and these FTE have been reduced to a maintenance level now that the systems have been developed.

FY88 = \$23,524

FY89 = \$23,484

**INVESTIGATIONS DIVISION**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	81.50	74.50	69.50	69.50
Personal Services	1,653,816.89	1,586,654	1,604,506	1,603,589
Operating Expenses	436,625.25	471,171	462,978	476,040
Equipment	85,770.37	29,547	17,252	18,000
Local Assistance	1,835,194.56	160,000	160,000	175,000
<b>Total Program Costs</b>	<b>\$4,011,407.07</b>	<b>\$2,247,372</b>	<b>\$2,244,736</b>	<b>\$2,272,629</b>
General Fund	594,844.49	543,115	594,069	590,604
State Special Revenue Fund	1,876,006.43	0	108,277	115,840
Federal & Other Spec Rev Fund	1,243,936.15	1,414,448	1,317,501	1,341,750
Proprietary Fund	296,620.00	289,809	224,889	224,435
<b>Total Funding Costs</b>	<b>\$4,011,407.07</b>	<b>\$2,247,372</b>	<b>\$2,244,736</b>	<b>\$2,272,629</b>
Current Level Services	4,011,407.07	2,247,372	1,965,665	1,994,546
Modified Level Services	0.00	0	279,071	278,083
<b>Total Service Costs</b>	<b>\$4,011,407.07</b>	<b>\$2,247,372</b>	<b>\$2,244,736</b>	<b>\$2,272,629</b>

**Program Description**
**Investigation and Enforcement Division**

The Investigations and Enforcement Division administers the video poker control program, investigations program, child support enforcement program, and the medicaid fraud program.

(Title 16, chapter 1, part 3, MCA; Title 53, chapter 2, MCA; Title 40, chapter 5, MCA; and Title 23, chapter 5, part 6, MCA).

**Administration**

The Administration Program is responsible for Investigations and Child Support programs.

### Investigation Program

The Investigations Program performs the criminal and regulatory investigative functions required by state and federal statute. Specific areas of responsibility are alcohol beverage control, video poker enforcement under contract to the Department of Commerce, welfare and Medicaid fraud investigation, cigarette tax enforcement, criminal income tax and intra departmental investigation as well as special investigation when required.

All persons and organizations involved in the sale of alcoholic beverages including retailers, distributors, representatives, brewers, distillers, and carriers must obtain a license to operate. Applications are processed by the Liquor Division and all applicants are investigated by the Investigations Program. In addition, the Investigations Program enforces Montana alcohol beverage control laws on the state's 3,054 licensed premises.

All video poker machines placed for play in the state must be inspected. In addition to inspecting new machines the Investigations Program provides law enforcement to control the manner in which the state's 2,875 licensed machines operate. The investigators also detect and seek prosecution of machine tampering.

The Investigations Program has the sole responsibility for the investigation of criminal welfare and Medicaid fraud. The Program annually receives over 150 requests to investigate public assistance fraud involving approximately \$300,000 in public assistance monies.

### Child Support Enforcement

The Child Support Enforcement Program is a revenue generating program authorized by Part D of Title IV of the Social Security Act. It was created "for the purpose of establishing, enforcing, and collecting support obligations owed by absent parents to their children and the spouses (or former spouses) with whom such children are living; addi-

tionally locating absent parents, establishing paternity, and obtaining child and spouse support helps assure assistance in assuring support is available under this part for all children for whom such assistance is requested."

The Program generates revenue from three sources:

- the recovered AFDC funds originally paid out by the State of Montana;
- the federal incentives paid to states for operating a cost effective program; and
- fees generated in Non-AFDC cases.

### Budget Issues

The Investigations Division was created during departmental reorganization in FY86. It has 3 subprograms; administration, investigations, and child support enforcement. The Investigations Division level of FTE changes substantially from the FY86 base level. The reorganization resulted in 7.0 FTE being transferred to the new legal unit in the Director's Office. The Medicaid Fraud unit was changed from a separate program to an activity within the Investigations subprogram and 3.0 FTE were eliminated. Four FTE were transferred to the Department of Commerce's new Lottery Division for licensing of video poker machines. The recommended budget reduces 2.5 FTE from video poker investigation due to limited revenues available for this purpose.

The reductions made to absorb the unfunded pay plan included 3.0 FTE in this division. Thirteen positions were removed from the Child Support Enforcement base as directed by the 1985 Legislature and 9.0 positions are requested in a modified budget request. Finally, 2.0 FTE investigators are requested in a modified request for the additional duties expected from lottery investigations. The three subprograms within this division are presented below.

### Investigations Administration

Recommended Budget  
Investigations Administration (after reorganization)  
1989 Biennium

Expenditure	1986 Actual	Recommended 1988	Recommended 1989
FTE	3.00	3.00	3.00
Personal Services	\$120,436	\$115,594	\$115,677
Operating Services	\$ 9,119	\$ 8,180	\$ 8,180
Equipment	\$ 257	\$0	\$0
Total Expenditures	\$129,812	\$123,774	\$123,857
01100 General Fund	\$ 79,297	\$ 45,745	\$ 45,763
03050 Child Support	\$ 45,069	\$ 55,578	\$ 55,576
03051 Welfare Fraud	\$ 5,362	\$ 7,598	\$ 7,655
06005 Liquor Division	\$ 84	\$ 14,853	\$ 14,863
Total Funding	\$129,812	\$123,774	\$123,857

The budget for the Investigations Administration Program includes 3.0 FTE and drops from a FY86 level of approximately \$130,000 to approximately \$124,000 during each year of the 1989 biennium. This is primarily due to reduc-

tions in operating expenses. The funding has been adjusted to reflect the actual workload of this program, resulting in a decreased level of general fund, and an increase in federal funds and Liquor Division funding.

**Investigations**

Recommended Current Level Budget  
Investigations Program  
1989 Biennium

Expenditure	1986 Actual	Recom mended 1988	Modi fied 1988	Recom mended 1989	Modi fied 1989
FTE	17.00	14.00	2.00	14.00	2.00
Personal Services	\$449,820	\$355,503	\$ 46,742	\$355,203	\$46,685
Operating Expenses	\$110,520	\$ 82,731		\$ 81,694	
Equipment	\$ 22,955	\$ 8,652		\$ 9,000	
Total Expenditures	\$582,395	\$446,886	\$ 46,742	\$445,897	\$46,685
01100 General Fund	\$ 86,196	\$ 49,430		\$ 41,237	
02074 Video Poker	\$ 28,719	\$ 0		\$ 0	
02996 Video Poker-D.O.C.	\$ 0	\$ 61,535		\$ 69,155	
02995 Lottery Invest			\$46,742		\$46,685
03051 Welfare Fraud	\$ 70,286	\$85,885		\$85,933	
03053 Medicaid Fraud	\$100,655	\$ 20,000		\$20,000	
03162 Welfare Pass Thru	\$ 0	\$ 20,000		\$ 20,000	
06005 Liquor	\$296,539	\$210,036		\$209,572	
Total Funding	\$582,395	\$446,886	\$ 46,742	\$445,897	\$ 46,685

The Investigations program decreases from the FY86 level of \$583,000 primarily due to economies realized when the Medicaid Fraud Program was merged with this program. The FTE decreases 3.0 FTE, reflecting the absorption of the unfunded pay plan and 2.5 FTE were eliminated because anticipated revenues from video poker machine licensing were not sufficient to maintain the current level FTE. The operating expenses decrease from the FY86 level reflecting the savings realized from the consolidation of the Medicaid Fraud into this program.

Funding for this program was changed to reflect the actual investigation workload which is divided between video poker, welfare fraud, and liquor investigations. The Executive budget includes a proposal to transfer the regulation of video poker machines to a new Lottery division in the Department of Commerce.

The Lottery Division in the Department of Commerce will contract with the Investigations Division to continue to conduct video poker investigative work. Recommended equipment includes a vehicle in each year of the 1989 biennium. Local Assistance payments shown in the FY86 base reflect payments to cities and counties for the local share of video poker license fees. These payments are not shown in FY88 or FY89 because the video poker function is recommended to be transferred to the new Lottery Division in the Department of Commerce.

The funding for this division basically reflects the investigative workload. General fund declines as the use of federal medicaid fraud funds decreases, and the corresponding general fund match is decreased. The use of general fund also declines because federal funds are maximized in the investigative administration budget. Video poker funding is included at \$61,535 in FY88 and at \$69,155 in FY89. This is the anticipated revenue that will be available for contract investigations from the Department of Commerce. The use of liquor revenues reflects the workload of the division. In FY86, the actual workload of Liquor Division was less than the funding supported. The funding was adjusted to reflect the actual investigative workload.

**Modified Request****Lottery Investigators**

A statewide lottery was approved by the voters in the last general election. The recommended budget includes 2.0 FTE investigators specifically for the lottery. These investigators will be contracted by the Lottery Division in the Department of Commerce, but will report to the Investigations Division in the Department of Revenue. These costs will be funded entirely from lottery revenues. The cost of this modified request is \$46,742 in FY88 and \$46,685 in FY89.

**Child Support Enforcement**

Recommended Budget  
Child Support Enforcement  
1989 Biennium

Expenditure	1986 Actual	Recom mended 1988	Modi fied 1988	Recom mended 1989	Modi fied 1989
FTE	50.00	41.00	9.00	41.00	9.00
Personal Services	\$ 987,867	\$ 916,788	\$169,879	\$ 916,386	\$169,638
Operating Expenses	\$ 289,912	\$ 309,617	\$ 62,450	\$ 324,406	\$ 61,760
Equipment	\$ 2,226	\$ 8,600	\$ 0	\$ 9,000	\$ 0
Local Assist	\$ 120,693	\$ 160,000	\$ 0	\$ 175,000	\$ 0
Total Expenditures	\$1,449,002	\$1,395,005	\$232,329	\$1,424,792	\$231,398
01100 General Fund	\$ 898,961	\$ 419,902	\$ 78,992	\$ 424,929	\$ 78,675
03050 Child Support	\$ 898,961	\$ 815,103	\$153,337	\$ 824,863	\$152,723
03052 Chil Suppt Asst	\$ 120,693	\$ 160,000	\$ 0	\$ 175,000	\$ 0
Total Funding	\$1,449,002	\$1,395,005	\$232,329	\$1,424,792	\$231,398

The FY86 base for child support enforcement was separated into two portions. These include the current level 41 FTE and a modified that was approved by the 1985 Legislature. This modified requires the examination of what impact 13.0 new FTE, added in FY86, had upon child support enforcement collections. The modified request is presented below.

The current level base was increased \$34,903 in FY88 and \$45,073 in FY89 for increased data processing costs for the child support automation system. This system will automate case management, accounts receivable, and cross-matching of federal and state refunds to delinquent child support accounts. Contracted services increase to reflect commissions paid to the Internal Revenue Service for successful cross-matches with federal income tax returns. In FY86 this item was reflected as \$11,202 in the supply category. This budget moves the expense to contract services in the 1989 biennium and increases it to \$13,000 in FY88 and \$15,214 in FY89. This increase is due to a larger number of successful intercepts due to more active cases being investigated with the assistance of the new automated system.

Budgeted equipment includes 1 vehicle in each year. The budgeted amounts shown for local assistance in FY88 and

FY89 reflect payments to county attorneys for assistance in prosecuting child support cases.

Federal child support funds decline from the FY86 level of \$899,000 to \$815,000 in FY88 and to \$825,000 in FY89. This decrease is due to a change in the federal matching ratio. The ratio decreases from 70:30 to 66:34. Because general funds did not increase, less federal funds were available.

**Modification Request****Child Support Enforcement FTE**

The recommended budget for this program includes a modified request for 9.0 of the 13.0 FTE that were added by the 1985 Legislature to address increased federal investigative requirements. The Legislature required in HB500 that these FTE be segregated from current level expenditures. In addition, the operating expenses that were originally added with these FTE were removed from the base and included in this modified request. These FTE have returned over two dollars for every dollar spent during FY86. The cost of these FTE and related operating expenses is \$232,329 in FY88 and \$231,398 in FY89 from the general fund.

**LIQUOR DIVISION**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	199.08	199.08	116.50	101.30
Personal Services	3,311,652.92	4,346,111	2,638,996	2,306,997
Operating Expenses	29,119,380.72	29,846,991	27,909,490	27,131,591
Equipment	15,146.93	187,000	32,450	14,450
Transfers	14,071,392.50	14,330,000	12,993,486	12,268,807
<b>Total Program Costs</b>	<b>\$46,517,573.07</b>	<b>\$48,710,102</b>	<b>\$43,574,422</b>	<b>\$41,721,845</b>
Proprietary Fund	46,517,573.07	48,710,102	43,574,422	41,721,845
<b>Total Funding Costs</b>	<b>\$46,517,573.07</b>	<b>\$48,710,102</b>	<b>\$43,574,422</b>	<b>\$41,721,845</b>
Current Level Services	46,517,573.07	48,710,102	43,574,422	41,721,845
<b>Total Service Costs</b>	<b>\$46,517,573.07</b>	<b>\$48,710,102</b>	<b>\$43,574,422</b>	<b>\$41,721,845</b>

**Program Description**

The Liquor Division administers the provision of Title 16, MCA, relating to the control, sale and distribution of alcoholic beverages and the licensing of manufacturers, wholesalers and retailers of alcoholic beverages.

The Division orders all merchandise for distribution and sale through the state retail liquor stores/agencies, publishes a retail price list on a quarterly basis, prepares analysis on new products and sales patterns of existing products and audits all merchandise invoices and freight claims.

The Division warehouse receives and stores all alcoholic beverage merchandise ordered, assembles orders from individual state retail liquor stores/agencies and schedules shipment by the most economical means and routes.

The Division also supervises and evaluates all phases of state retail store and agency operations, analyses and audits retail outlets financial condition and profit potential, negotiates store leases and evaluates bids for selection of agencies, develops and implements merchandising/marketing techniques, and training program for store personnel and agents.

The State Liquor Stores and Agencies maintain an adequate variety of listed alcoholic beverage products in inventory for direct sale to retail licensees and the public, maintains store premise in a well kept attractive manner and conducts in-store merchandising and marketing programs.

Additionally, the Division determines qualifications of applicants for the manufacture, wholesale and retail licenses, issues licenses and process annual renewals of licenses and registrations.

### Budget Issues

The recommended budget for the Liquor Division represents the Legislative directive to continue to convert state-owned and operated stores to agency stores as current lease agreements expire. This policy is represented in the reduced level of FTE in the 1989 biennium when compared to the FY86 level. Contract services increase because the conversion to agency stores will require that more commissions be paid to the operators of the agency stores after conversion. Goods purchased for resale represent the purchase of inventory for the stores, and remains approximately at the current level. Budgeted equipment includes \$12,000 per year for a one-ton van, \$2,450 for office equipment in each year, and \$18,000 in FY88 to replace an order selector in the Liquor warehouse. Transfers represent payments to counties to support alcohol abuse programs and the transfer of liquor profits to the general fund.

This budget has not been appropriated by expenditure category in the past, but rather was limited by language in the appropriations bill to expenditure of no more than 15% of the net profits less taxes collected and discounts given. This budget has been adjusted to remain within the 15% limit used in the 1987 biennium.

INCOME TAX Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	89.65	95.15	108.15	108.15
Personal Services	1,752,400.58	1,805,529	2,267,998	2,266,947
Operating Expenses	771,648.44	752,253	1,008,082	1,092,845
Equipment	98,023.88	53,989	8,260	5,000
<b>Total Program Costs</b>	<b>\$2,622,072.90</b>	<b>\$2,611,771</b>	<b>\$3,284,340</b>	<b>\$3,364,792</b>
General Fund	2,613,218.49	2,604,927	3,142,797	3,218,998
State Special Revenue Fund	8,854.41	6,844	141,543	145,794
<b>Total Funding Costs</b>	<b>\$2,622,072.90</b>	<b>\$2,611,771</b>	<b>\$3,284,340</b>	<b>\$3,364,792</b>
Current Level Services	2,622,072.90	2,611,771	2,916,752	2,905,411
Modified Level Services	0.00	0	367,588	459,381
<b>Total Service Costs</b>	<b>\$2,622,072.90</b>	<b>\$2,611,771</b>	<b>\$3,284,340</b>	<b>\$3,364,792</b>

### Program Description

The Income Tax Division administers and enforces the Montana personal income and withholding taxes. This also includes partnership returns, fiduciary and trust returns, estimated income tax, filing extensions and elderly homeowner/renter credit. These taxes constitute the largest payments to the general fund. The distribution of the taxes is 64% general fund, 25% school equalization fund, and 11% to the long-range building program.

The goals of the program are to:

- achieve and maintain a cost effective level of compliance with the state tax laws in a manner respectful of all citizens;
- account for tax returns and payments;
- collect delinquent taxes;
- simplify reporting requirements; and
- promptly issue tax refunds.

Major activities include providing assistance to taxpayers and employers on filing returns, performing audits to ensure accurate and complete returns, identify noncompliance with the tax laws, and issue tax refunds.

The program provides many services to the public. Forms and instructions are distributed to taxpayers through the mail or at the many distribution points around the state.

Toll free telephone lines are available to taxpayers and practitioners for tax questions. Volunteers are trained by the Division staff to assist others in completing their returns. Direct assistance in completing returns is available in some cities. Small business clinics are conducted to inform employers of the requirements for state tax withholding. Training programs are given to practitioners on changes in tax laws and regulations.

Ensuring that all taxpayers pay their fair share is an important part of the program. Audit staff working both in the office and at the taxpayer's location audit returns and tax records. Reports from other state agencies and the Internal Revenue Service are matched against the state tax records to identify nonfilers. Unpaid taxes are pursued by collectors. Arrangements are made to have the taxes paid. Disputed tax assessments are resolved through discussions, informal conferences and formal hearings.

### Budget Issues

The recommended budget reflects the reorganization which combined the Miscellaneous Tax Division with the Income Tax Division. These programs eliminated 5.15 FTE to absorb the unfunded pay plan, and 5.17 positions were transferred to the Research and Information program to combine all data processing personnel into one program. The FY87

level reflects the originally appropriated FTE level before reorganization and reductions due to absorption of the pay plan. In addition, it includes an additional 1.0 FTE to manage the 14.5 FTE put on board on FY86 to enhance revenue collections from income tax. These 15.5 FTE have been segregated into a modified request as required by language in HB500 of the 1985 Legislature.

The operating expenses reflect the combination of the Income Tax division and the Miscellaneous Tax division. They remain at current level except that contract services were reduced \$85,000 for one time expenses. Equipment includes 1 vehicle in FY88 and 2 personal computers in FY89.

#### Modification Request

Assessment staff - The Executive budget includes a modification request to continue 15.5 FTE Assessment staff personnel that are on staff now and are projected to produce \$6.3 million in additional revenue in the 1989 biennium from income tax assessments. The total revenue that is now generated from income tax assessments and the additional revenue that is expected to be generated from these FTE is displayed below.

CORPORATION TAX Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	Recommendation FY 1989
Full Time Equivalent Employees	35.83	37.66	35.00	35.00
Personal Services	890,136.24	1,010,184	967,814	976,903
Operating Expenses	379,921.75	424,080	342,614	341,968
Equipment	9,993.51	7,001	2,500	0
Local Assistance	5,639,761.97	0	0	0
<b>Total Program Costs</b>	<b>\$6,919,813.47</b>	<b>\$1,441,265</b>	<b>\$1,312,928</b>	<b>\$1,318,871</b>
General Fund	1,110,272.13	1,244,901	1,136,026	1,141,701
State Special Revenue Fund	5,696,693.97	55,621	54,774	55,042
Federal & Other Spec Rev Fund	112,847.37	140,743	122,128	122,128
<b>Total Funding Costs</b>	<b>\$6,919,813.47</b>	<b>\$1,441,265</b>	<b>\$1,312,928</b>	<b>\$1,318,871</b>
Current Level Services	6,919,813.47	1,441,265	1,233,659	1,239,690
Modified Level Services	0.00	0	79,269	79,181
<b>Total Service Costs</b>	<b>\$6,919,813.47</b>	<b>\$1,441,265</b>	<b>\$1,312,928</b>	<b>\$1,318,871</b>

#### Program Description

The Natural Resource and Corporation Tax Division administers 17 different taxes. These include Corporation License Tax, Oil & Gas Severance Tax, Coal Severance Tax, Metal Mines Tax, Gross & Net Proceeds Tax, Electrical Energy License Tax and the Resource Indemnity Trust Tax. The Division also administers the State and Federal Royalty audit programs related to mineral production from State and Federal lands located in Montana.

Taxes administered by the Division generate \$200-\$250 million in State revenue and \$100-\$150 million in County revenue annually.

#### Budget Issues

The FTE level in this program drops from the FY86 level by 0.83 FTE. Of this change, .50 FTE were reduced to absorb the unfunded pay plan, and a .33 FTE was not authorized beyond FY86 by the last legislature. The FTE level shown in FY87 reflects the level of this program prior to reorganization, which resulted in 1.66 FTE transferred to Research and Information to pool data procession personnel in one program, and a transfer of .50 FTE to the Director's office for legal staff. Language in HB500 of the 1985 Session

These staff were approved by the 1985 Legislature but were to be segregated from current level for the 1989 budget request. Cost:

FY88 \$308,957

FY89 \$308,807

Income Tax Automation - The recommended budget includes \$93,000 in FY89 only to continue automation of the Income Tax collection system. Although it is intended that development will occur in FY88, these costs will come from current level budget in this program.

Accommodations Tax Administration - The Executive budget includes a proposal to implement an accommodations tax. Administration of this tax will be within this program and will require 2.0 FTE. It is anticipated that the effective date will be July 1, 1987, and that the data processing system development that will be necessary will begin in FY87. These costs are projected to be \$97,000. It is proposed that these costs will be funded through a general fund loan in FY87 that will be repaid from tax receipts in FY88. The FY88 costs for this administration will total \$58,323 and FY89 will total \$57,574.

required that a corporation tax auditor and a natural resource tax auditor that were added last session could not be included in the current level budget. These positions have been segregated into a modified request along with the operational expenses for travel that were added with them last session. Contracted services were reduced \$63,000 for one time expenses. Recommended equipment includes \$2,500 for a personal computer.

Local Assistance shown in FY86 reflects statutory transfers of funds to counties for increased oil production and the local share of corporation taxes. These have not been included in the recommended budget for the 1989 budget because they are already a statutory appropriation and need not be added to this budget.

#### Modification Request

The Executive request includes 2 FTE auditors that are currently on staff but were required to be segregated from the base for 1989 biennium budget purposes. These auditors examine corporation and natural resource taxes. Included in the modified request are the operating expenses that were added with the FTE in the 1985 session.

FY88 = \$79,269

FY89 = \$79,181

PROPERTY VALUATION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	464.40	425.80	395.25	395.25
Personal Services	9,683,646.51	8,379,991	8,419,673	8,418,496
Operating Expenses	1,661,654.02	1,793,454	1,724,161	1,657,348
Equipment	242,845.23	57,466	211,288	346,532
<b>Total Program Costs</b>	<b>\$11,588,145.76</b>	<b>\$10,230,911</b>	<b>\$10,355,122</b>	<b>\$10,422,376</b>
General Fund	11,563,145.76	10,230,911	10,355,122	10,422,376
State Special Revenue Fund	25,000.00	0	0	0
<b>Total Funding Costs</b>	<b>\$11,588,145.76</b>	<b>\$10,230,911</b>	<b>\$10,355,122</b>	<b>\$10,422,376</b>
Current Level Services	11,588,145.76	10,230,911	10,343,089	10,285,212
Modified Level Services	0.00	0	12,033	137,164
<b>Total Service Costs</b>	<b>\$11,588,145.76</b>	<b>\$10,230,911</b>	<b>\$10,355,122</b>	<b>\$10,422,376</b>

**Program Description**

The Property Assessment Division is responsible for performing all tasks necessary to secure a fair, just, and equitable valuation of all taxable property among counties, between different classes of property, and between individual taxpayers.

Specific duties to accomplish this legislative mandate include:

- Completing reappraisal of all real property every 5 years;
- Auditing taxable values to be sure they reflect market value;
- Centrally assessing railroads, public utilities, and airlines to ensure assessments are completed on mine net proceeds, oil and gas net proceeds, coal gross proceeds, and metal mines gross proceeds;
- Defending Department of Revenue in tax appeals before county and state tax appeal boards and the courts;
- Conducting schools for assessors and appraisers.

The work is done in 56 counties, in appraisal and assessment offices under the direct supervision of 8 area managers and a small staff in Helena. The Helena office also appraises all intercounty and industrial property, defends the lawsuits, and regularly audits all county offices.

The Division staffs' appraisal offices must use the elected assessors in 51 counties as agents to carry out its mandate. In FY87 the Division reorganized to reduce the duplication of time, effort, and money in the counties. The county appraisal and assessment offices are combined with one

budget. The Helena office combined the appraisal and assessment bureaus and centralized the auditing of both the appraisal and assessment function in the county offices.

A minimum of 20% of reappraisal must be completed each year of the new 5 year reappraisal cycle. Assessment of all property subject to property tax is an annual requirement.

**Budget Issues**

The recommended budget for the Property Valuation Division reflects a decrease of 69.15 FTE from the FY86 level. This represents a reduction of 1.0 FTE through reorganization that was transferred to the director's office, the reduction of 24 FTE that were added to complete the appraisal cycle, and the elimination of 44.15 FTE due to absorption of the unfunded pay plan. The FY87 FTE level reflects this program as appropriated by the 1985 Legislature prior to reorganization and the absorption of the pay plan.

During FY86, the department shifted general fund resources totalling \$310,000 from other programs to pay for operating expenses to complete the reappraisal cycle, primarily for data processing expenses. The general fund that was used from other programs was not replaced in those programs, although a portion of the additional operating expenses remain in this budget.

The Property Valuation Division is comprised of three sub-programs: Elected Assessors, Appraisers and Non-Elected Assessors, Property Assessment of the Helena Office, and Property Assessment Administration. Each program will be presented separately.

**Elected Assessors**

	Elected Assessors 1989 Biennium		
Expenditure	1986 Actual	Recommended 1988	Recommended 1989
FTE	36.4	35.7	35.7
Personal Services	\$844,913	\$797,154	\$798,624
Operating Services	\$0	\$0	\$0
Equipment	\$0	\$0	\$0
Total Expenditures	\$844,913	\$797,154	\$798,624
01100 General Fund	\$844,913	\$797,154	\$798,624

This program represents the portion of county elected assessors that is funded from state funds. The Executive budget continues the level of 70% that was approved by the June

1986 Legislature. The FTE level declines by 0.7 FTE (1 assessor) because Flathead County has combined the Treasurer and Assessor into a non-elected position.

**Appraisers and Non-Elected Assessors**

**Recommended Budget  
Appraisers and Non-Elected Assessors  
1989 Biennium**

Expenditure	1986 Actual	Recommended 1988	Recommended 1989
FTE	397.3	334.05	334.05
Personal Services	\$ 8,771,134	\$ 6,876,304	\$ 6,873,506
Operating Expenses	\$ 1,263,522	\$ 1,469,852	\$ 1,395,306
Equipment	\$ 212,039	\$ 209,000	\$ 236,000
Total Expenditures	\$10,246,695	\$ 8,555,156	\$ 8,504,812
01100 General Fund	\$10,221,695	\$ 8,555,156	\$ 8,504,812
02930 Property Value	\$ 25,000	\$0	\$0
Total Funding	\$10,246,695	\$ 8,555,156	\$ 8,504,812

The FTE reductions that are reflected in the division narrative above are primarily in this program, reducing the FTE in this program by 63.25 FTE. In this program, operating expenses increase from the FY86 level by \$206,330 in FY88 and increase \$131,784 between FY86 and FY89. Although many expenses were reduced to reflect the reduction of workload attributable to reappraisal, there are a few areas that reflect significant changes for reasons other than the completion of the reappraisal cycle. Contract services were increased by nearly \$173,000 for anticipated data processing expenses associated with the additional data for agricultural and timber properties that will be included in the current reappraisal cycle but were frozen for the past cycle. Contract service increases also include \$39,000 in FY88 only to allow for the contracting of private appraisers to develop the commercial sales ratio for the new appraisal cycle.

An area of issue during the June 1986 Special Session was the level of funding that counties would receive for the state's use of county computer systems in the automated counties. The Legislature reduced the county funding from \$240,000 in FY86 to \$120,000 in FY87. The Executive

Budget continues this level of funding for county computers in the current level budget. An alternative method of using the county equipment is reflected in the modified request for this program. This request also reflects savings that would occur in the current level if the modified request were accepted by the Legislature. Please refer to the modified request for the specific elements of this proposal.

The recommended budget includes \$16,500 in FY88 only for subscription to Marshall Valuation Service for cost appraisal manuals to be used in the new appraisal cycle. Equipment expenditures include 16 vehicles in each year in accordance with the equipment replacement schedule approved by the 1985 Legislature. Also included is \$27,000 each year for terminals in automated counties. These terminals will not be needed if the modified request is approved, and the resultant savings from current level is reflected as a negative expenditure in the modified request. Office equipment for county assessor offices is required to be provided by the state, and \$71,000 is included for this purpose over the biennium.

**Property Assessment-Helena Office**

**Recommended Budget  
Property Assessment - Helena  
1989 Biennium**

Expenditure	1986 Actual	Recommended 1988	Recommended 1989
FTE	13.00	11.00	11.00
Personal Services	\$403,603	\$299,820	\$300,021
Operating Services	\$113,007	\$ 55,242	\$ 54,948
Equipment	\$ 24,213	\$ 8,652	\$ 500
Total Expenditures	\$540,823	\$363,714	\$355,469
01100 General Fund	\$540,823	\$363,714	\$355,469

This budget reflects the reduction of 2.0 FTE due to absorption of the unfunded pay plan. The operating budget was adjusted to reflect the transfer of a function to the Appraiser and Non-Elected Assessors Program, reducing contract services by \$35,000 per year. The remainder of reductions to operating expenses reflect the elimination of

expenses that are related to the end of the reappraisal cycle totalling approximately \$23,000 per year. Equipment includes a vehicle in FY88 and \$500 for office equipment in FY89.



## Property Assessment Administration

Recommended Budget  
Property Assessment Administration  
1989 Biennium

Expenditure	1986 Actual	Recommended 1988	Recommended 1989
FTE	19.9	13.5	13.5
Personal Services	\$508,909	\$421,334	\$421,326
Operating Services	\$285,124	\$204,695	\$204,549
Equipment	\$ 6,595	\$ 1,036	\$ 432
Total Expenditures	\$800,628	\$627,065	\$626,307
01100 General Fund	\$800,628	\$627,065	\$626,307

The FTE in this program were reduced by 6.4 FTE to absorb the unfunded pay plan. This budget reflects a reduction of approximately \$174,000 per year from the FY86 level, due to the end of the reappraisal cycle. In operating expense, only rent is increased to reflect an anticipated increase in office space due to an inflator clause in the rental agreement for the Steamboat Block offices in Helena. Equipment recommended includes \$1,468 over the biennium for office equipment.

**Modified Request**

**On-Line Data System** - The Executive Budget includes the recommendation that the state discontinue the use of the county computer systems for the purposes of real property appraisal, and continue to use the county systems only for personal property appraisal. This change results in a net reduction of current level expenditures in FY88 of \$47,967 and an increase in costs in FY89 of \$77,164.

The modified proposes that over the biennium, 19 counties will be automated allowing the department to receive property assessment information electronically rather than by mail as is done now. Often input documents that are submitted from the field need corrections that necessitate returning the form to the field office. The current level budget continues the level that was approved by the June 1986 Legislature of \$120,000 per year for the use of county equipment, although the counties requested \$240,000 for this service. The change proposed by this modified request funds the counties at \$60,000 per year. This fully funds personal property data base usage because the personal property workload reflects approximately one quarter of current county computer system workload.

This modified proposal is further justified by the passage of SB19 in the June 1986 Special Session which required that all county assessors would use a standard, simplified assessment notice form. The development of this notice was expected to cost \$100,000 per year due to programming changes necessary in the 18 existing county computer systems which are all different. If the assessors were converted to an on-line status, the form could be developed in Helena and would be available to all field offices that were automated without changing the existing 19 computer software systems that currently exist in the automated counties.

The division is also required to include agricultural and timber properties in the current reappraisal cycle. Since these properties were frozen during the last reappraisal cycle, the current assessed value is available only at the county level. Automation of the county offices would allow this data to be transferred to Helena electronically, and would reduce potential data entry costs because the data would be directly entered in the field offices.

The costs shown in the modified reflect both the new costs and the savings (negative expenditures) that could be reduced from the current level budget if the modified request is accepted. The savings that would be realized in FY88 would be \$47,967 while the net costs in FY89 would be \$77,164 from the general fund.

	FY88	FY89
New Cost	\$ 76,600	\$ 260,372
Current Level Savings	(124,867)	(183,208)
Net	\$( 47,967)	\$ 77,164

MISCELLANEOUS TAXES  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	18.65	19.32	.00	.00
Personal Services	390,352.74	382,245	0	0
Operating Expenses	97,563.96	80,536	0	0
Equipment	9,626.00	610	0	0
<b>Total Program Costs</b>	<b>\$497,542.70</b>	<b>\$463,391</b>	<b>\$0</b>	<b>\$0</b>
General Fund	429,010.20	399,447	0	0
State Special Revenue Fund	68,532.50	63,944	0	0
<b>Total Funding Costs</b>	<b>\$497,542.70</b>	<b>\$463,391</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	497,542.70	463,391	0	0
<b>Total Service Costs</b>	<b>\$497,542.70</b>	<b>\$463,391</b>	<b>\$0</b>	<b>\$0</b>

**Program Description**

In FY87, the Miscellaneous Tax Division was consolidated with this division. As a result the Income Tax Division is

now responsible for the administration of seventeen miscellaneous licenses and taxes and the minimum cigarette price law. The Division also administers the Inheritance Tax.

Abandoned Property, Escheated Estates and Contractors Gross Receipts Tax programs.

here in the FY86 base were added to the same expenditure base of the Income Tax Division. Please refer to the narrative for the Income Tax Division.

#### Budget Issues

This program was transferred to the Income Tax division during reorganization in FY87. The expenditures shown

MOTOR FUEL TAX Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	26.50	27.17	25.00	25.00
Personal Services	563,570.98	535,566	517,662	517,545
Operating Expenses	98,036.12	131,457	183,883	190,128
Equipment	19,750.15	0	8,952	300
<b>Total Program Costs</b>	<b>\$681,357.25</b>	<b>\$667,023</b>	<b>\$710,497</b>	<b>\$707,973</b>
State Special Revenue Fund	681,357.25	667,023	710,497	707,973
<b>Total Funding Costs</b>	<b>\$681,357.25</b>	<b>\$667,023</b>	<b>\$710,497</b>	<b>\$707,973</b>
Current Level Services	681,357.25	667,023	710,497	707,973
<b>Total Service Costs</b>	<b>\$681,357.25</b>	<b>\$667,023</b>	<b>\$710,497</b>	<b>\$707,973</b>

#### Program Description

The Motor Fuel Tax program enforces compliance and administers license taxes on gasoline and diesel fuel. It also administers the refund provisions of the tax laws, supervises the bonding requirements of distributors, dealers and users to insure the proper collection of the license taxes, and issues permits and licenses to distributors, dealers and users.

The Motor Fuels Tax Division administers and enforces the motor fuel tax law. This includes the issuance of licenses and permits, collection of taxes enforcement of the bonding requirements and payment of refunds. Revenue is earmarked to the Department of Highways, state parks, Department of Commerce and cities and counties.

#### Budget Issues

The recommended budget for the Motor Fuels Division reflects a decline in FTE from the FY86 level. The department reduced this division by 1.50 FTE to absorb the unfunded pay plan. The FTE shown for FY87 reflect the level of FTE in this division prior to reorganization, which resulted in a reduction of .67 FTE transferred from this program to Research and Information to pool all the data processing personnel in one program.

This program had very few changes in operating expenses except for an increase in data processing charges which will increase \$86,555 in FY88 and \$90,204 in FY89. Repair was increased to allow for maintenance contracts on personal computers totalling \$1,800 per year. Recommended equipment includes 1 vehicle in FY88 and 3 calculators in FY89.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	385.80	388.09	381.59	385.09
Personal Services	9,827,279.04	9,939,413	10,202,058	10,249,924
Operating Expenses	20,559,293.35	20,166,583	20,588,095	21,299,160
Equipment	560,071.39	1,734,431	1,827,302	1,602,167
Capital Outlay	121,418.82	0	0	0
Local Assistance	0.00	0	250,000	250,000
Benefits and Claims	16,274,298.69	0	0	0
Transfers	12,448,650.20	691,791	592,810	594,316
Debt Service	3,136,295.40	1,797,236	2,146,255	2,136,632
<b>Total Agency Costs</b>	<b>\$62,927,306.89</b>	<b>\$34,329,454</b>	<b>\$35,606,520</b>	<b>\$36,132,199</b>
General Fund	16,073,522.42	3,710,496	4,104,965	4,010,101
State Special Revenue Fund	1,162,125.96	895,448	907,236	899,596
Capital Projects Fund	1,307,009.90	602,907	620,965	622,471
Proprietary Fund	44,384,648.61	29,120,603	29,973,354	30,600,031
<b>Total Funding Costs</b>	<b>\$62,927,306.89</b>	<b>\$34,329,454</b>	<b>\$35,606,520</b>	<b>\$36,132,199</b>
Current Level Services	62,927,306.89	34,329,454	33,678,142	34,292,921
Modified Level Services	0.00	0	1,928,378	1,839,278
<b>Total Service Costs</b>	<b>\$62,927,306.89</b>	<b>\$34,329,454</b>	<b>\$35,606,520</b>	<b>\$36,132,199</b>

**Agency Description**

The Department of Administration was established under the Executive Reorganization Act of 1971 (section 2-15-1001, MCA). The department's major responsibilities include providing centralized services for state agencies in the following areas: accounting and financial reporting; capitol complex building maintenance; capitol security; state bonded indebtedness administration, state treasury services, insurance coverage, Tort Claims Act administration, systems development, telecommunications; data processing; personnel management and labor relations; purchasing; duplicating, mail and messenger services; and records management. The department also administers the state Long Range Building Program, state employee group benefits program, and the various state retirement systems.

In addition, the Board of Examiners, State Tax Appeal Board, Workers' Compensation Judge, Board of Investments, Public Employees' Retirement Board, and Teachers' Retirement Board are attached to the department for administrative purposes only.

**Budget Issues**

Unfunded pay plan and 60% of the June 1986 Special Session of 5% reductions are reflected in individual program budget requests. A total of 14 positions were eliminated in the Department for an annual savings of \$302,900. Operational cost reductions of \$789,115 are reflected in the budget recommendations.

A 4% vacancy savings was applied to all programs, excluding the three Tax Appeal Board member positions.

DIRECTOR'S OFFICE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	8.00	8.00	8.00	8.00
Personal Services	263,130.09	272,705	277,603	277,526
Operating Expenses	23,033.79	26,965	26,272	27,171
Equipment	11,581.24	0	0	0
<b>Total Program Costs</b>	<b>\$297,745.12</b>	<b>\$299,670</b>	<b>\$303,875</b>	<b>\$304,697</b>
General Fund	253,154.13	257,695	252,877	254,089
Proprietary Fund	44,590.99	41,975	50,998	50,608
<b>Total Funding Costs</b>	<b>\$297,745.12</b>	<b>\$299,670</b>	<b>\$303,875</b>	<b>\$304,697</b>
Current Level Services	297,745.12	299,670	303,875	304,697
<b>Total Service Costs</b>	<b>\$297,745.12</b>	<b>\$299,670</b>	<b>\$303,875</b>	<b>\$304,697</b>

**Program Description**

The staff of the Central Administration Program are currently responsible for overall supervision and coordination of the department's ten divisions and the four administratively attached boards and agencies. The staff also provide legal services, internal management reviews, and assistance

in special projects to the divisions and bonding expertise for the Board of Examiners.

**Budget Issues**

1989 biennium funding for the legal unit in the Director's Office is 28.5% general fund and 67.5% proprietary funds.

Supporting agencies are: the Teachers Retirement System; Public Employees Retirement System; Architecture and

Engineering Division; Publications and Graphics Division; and Property and Supply Bureau.

GOVERNOR ELECT PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	0.00	0	0	25,000
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>
General Fund	0.00	0	0	25,000
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>
Current Level Services	0.00	0	0	25,000
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>

#### Budget Issues

Section 2-15-221(5), MCA, requires provision of a governor-elect budget.

ACCOUNTING PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	12.25	12.50	12.00	12.00
Personal Services	316,109.64	319,516	323,497	323,458
Operating Expenses	499,652.12	489,018	510,868	504,526
Equipment	12,981.40	0	200	100
<b>Total Program Costs</b>	<b>\$828,743.16</b>	<b>\$808,534</b>	<b>\$834,565</b>	<b>\$828,084</b>
General Fund	828,743.16	808,534	834,565	828,084
<b>Total Funding Costs</b>	<b>\$828,743.16</b>	<b>\$808,534</b>	<b>\$834,565</b>	<b>\$828,084</b>
Current Level Services	828,743.16	808,534	834,565	828,084
<b>Total Service Costs</b>	<b>\$828,743.16</b>	<b>\$808,534</b>	<b>\$834,565</b>	<b>\$828,084</b>

#### Program Description

The Accounting Division's staff operate and maintain the Statewide Budgeting and Accounting System (SBAS) and the Property Accountability Management System (PAMS). SBAS is used by all State agencies, including universities and vocational technical centers, to account for the State's financial affairs. The system controls agencies' use of appropriation authority and cash balances in accordance with legal mandates. The division controls the inflow of data to SBAS and distributes daily, monthly and year-end reports that summarize agencies' accounting transactions. The staff establish the State's accounting policies in accordance with generally accepted accounting principles and provide accounting assistance and instruction to agencies. The Accounting Division

prepares and distributes the State's annual financial report and the Statewide Indirect Cost Allocation Plan.

#### Budget Issues

One-quarter of an accounting clerk position was eliminated. The position was used for temporary help during fiscal year end. This was a budget reduction of approximately \$3,415.

The division will be implementing off-site printing for fifteen state agencies. Under the new rate schedule of the Information System Division, an approximate savings of \$15,000 will be realized. The division will continue to realize a \$29,000 savings by not verifying most SBAS, PAMS, and ICC documents. This change was implemented in FY87.

ARCH & ENGINEERING PGM  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	14.96	15.50	15.25	15.25
Personal Services	418,279.03	467,275	459,605	459,268
Operating Expenses	86,525.21	80,740	99,753	101,964
Equipment	26,355.89	3,704	2,806	2,438
Transfers	536,737.00	544,106	562,164	563,670
<b>Total Program Costs</b>	<b>\$1,067,897.13</b>	<b>\$1,095,825</b>	<b>\$1,124,328</b>	<b>\$1,127,340</b>
State Special Revenue Fund	531,160.13	551,719	562,164	563,670
Capital Projects Fund	536,737.00	544,106	562,164	563,670
<b>Total Funding Costs</b>	<b>\$1,067,897.13</b>	<b>\$1,095,825</b>	<b>\$1,124,328</b>	<b>\$1,127,340</b>
Current Level Services	1,067,897.13	1,095,825	1,124,328	1,127,340
<b>Total Service Costs</b>	<b>\$1,067,897.13</b>	<b>\$1,095,825</b>	<b>\$1,124,328</b>	<b>\$1,127,340</b>

**Program Description**

The function of the Architecture and Engineering Division, as authorized in Title 18, chapter 1 & 2, MCA, is to handle state building construction in a functional and aesthetic manner and at an affordable cost.

The division staff are responsible for contract administration, bid letting and supervision of architects and engineers during construction of buildings for the state. The Long Range Building Program is prepared by this division.

**Budget Issues**

The division is now located in the Metcalf Building - Department of Natural Resources and Conservation. A rent

increase is reflected in the proposed budget. Rental charges for FY88 and FY89 are \$27,364 and \$28,542 respectively.

Support for the Legal Unit in the Director's Office will be \$18,138 FY88 and \$17,996 FY89 and accounts for the increase in contracted services. In FY89, \$3,200 has been included for biennial printing of the Long Range Building Plan.

An additional secretarial position was approved during the 1985 Legislative Session and then eliminated to meet the 5% cutbacks. One position was transferred from program 10 - Purchasing Division - and a .25 FTE was transferred to program 07 Information Services Division. The net result was a decrease of .25 FTE.

PUBLICATIONS AND GRAPHICS  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	27.00	31.75	26.50	30.50
Personal Services	616,645.15	696,136	623,275	702,500
Operating Expenses	2,563,371.00	2,941,759	2,857,667	3,070,282
Equipment	3,356.50	340,105	29,895	1,115
Debt Service	59,777.54	0	375,553	375,553
<b>Total Program Costs</b>	<b>\$3,243,150.19</b>	<b>\$3,978,000</b>	<b>\$3,886,390</b>	<b>\$4,149,450</b>
Proprietary Fund	3,243,150.19	3,978,000	3,886,390	4,149,450
<b>Total Funding Costs</b>	<b>\$3,243,150.19</b>	<b>\$3,978,000</b>	<b>\$3,886,390</b>	<b>\$4,149,450</b>
Current Level Services	3,243,150.19	3,978,000	3,886,390	4,149,450
<b>Total Service Costs</b>	<b>\$3,243,150.19</b>	<b>\$3,978,000</b>	<b>\$3,886,390</b>	<b>\$4,149,450</b>

**Program Description**

The staff of the Publications and Graphics Division offer services in printing, duplicating, computerized typography, layout and design, graphic and illustrative art, forms design, photo-reprographics, binding and quick copy. They are responsible for all printing and printing-related purchasing for state government and offer printing coordination and specification writing to user agencies (section 18-7-101, MCA). The staff also operate the state's photocopier pool (section 2 17-301, MCA).

**Budget Issues**

Half of an audit technician position was eliminated at a savings of \$10,838 in FY88 and \$10,395 in FY89. Addition-

al staff hired for the Legislative Session of 1989 will be reduced by .75 FTE from the 1987 Legislative Session FTE level for a \$10,887 savings.

Support for the Legal Unit will be \$2,268 FY88 and \$2,249 FY89.

Debt Service expenditures consist of the following:

Installment purchase of photocopiers:

Principal \$217,569 Interest \$34,071

Installment purchase of equipment:

Principal \$ 98,206 Interest \$25,707

**INFORMATION SERVICES DIVISION**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	137.59	136.84	136.59	136.59
Personal Services	3,677,519.35	3,620,157	3,772,705	3,771,139
Operating Expenses	10,350,981.69	8,285,791	8,664,061	8,843,142
Equipment	358,730.67	1,309,423	1,773,426	1,588,714
Capital Outlay	121,418.82	0	0	0
Debt Service	924,673.00	1,797,236	1,758,236	1,754,698
<b>Total Program Costs</b>	<b>\$15,433,323.53</b>	<b>\$15,012,607</b>	<b>\$15,968,428</b>	<b>\$15,957,693</b>
Proprietary Fund	15,433,323.53	15,012,607	15,968,428	15,957,693
<b>Total Funding Costs</b>	<b>\$15,433,323.53</b>	<b>\$15,012,607</b>	<b>\$15,968,428</b>	<b>\$15,957,693</b>
Current Level Services	15,433,323.53	15,012,607	14,950,795	14,938,974
Modified Level Services	0.00	0	1,017,633	1,018,719
<b>Total Service Costs</b>	<b>\$15,433,323.53</b>	<b>\$15,012,607</b>	<b>\$15,968,428</b>	<b>\$15,957,693</b>

**Program Description**

The staff of the Information Services Division provides the following services to all state agencies: central mainframe computer processing; shared statewide data communications network services providing access to the central mainframe; local and long distance telephone networking; design and development of telephone equipment, networking applications and other telecommunications needs; design, development and continuous maintenance support of dataprocessing applications; dataprocessing training and application development support including data management (database) services; microcomputer and office automation support and consultation; record storage and microfilming services; Radio frequency coordination liaison with local government; dataprocessing planning, coordination and control of equipment and software acquisitions; disaster recovery facilities for critical dataprocessing applications.

**Budget Issues**

The following is a breakdown of the Information Services Division budget recommendation by function.

	FY88	FY89
<b>Computer Services Program</b>		
FTE	118.45	118.45
Personal Services	\$3,227,027	\$3,225,449
Operating Expenses	2,742,848	2,828,884
Equipment	1,384,426	1,206,714
<b>Total</b>	<b>\$7,354,301</b>	<b>\$7,261,047</b>
<b>Telecommunications Program</b>		
FTE	16.14	16.14
Personal Services	\$ 482,695	\$ 482,801
Operating Expenses	5,278,892	5,363,757
Equipment	0	0
Debt Service	1,758,236	1,754,698
<b>Total</b>	<b>\$7,519,823</b>	<b>\$7,601,256</b>
<b>911 Program</b>		
FTE	2.00	2.00
Personal Services	\$ 62,983	\$ 62,889
Operating Expenses	13,688	13,782
Equipment	0	0
<b>Total</b>	<b>\$ 76,671</b>	<b>\$ 76,671</b>

In accordance with generally accepted accounting principles (GAAP), equipment must be recorded as an asset if: a) it is relatively permanent b) has a useful life of more than one year, and c) has a unit cost of \$200 or more. All equipment

is capitalized except those items ordered but not received at fiscal year end. Following state accounting policy, the equipment purchase must be recorded as a budgeted expense in order to use appropriation authority. At the same time an accounting entry is made reversing the budgeted expense to a non-budgeted with the net expense of the purchase being zero. The actual expense of the equipment, for accounting purposes, is allocated out over its useful life using depreciation.

Taking into account the state's policy of capitalizing equipment purchases, the Division's FY86 actual expenditures should be adjusted to include \$1,513,379 of budgeted expenses and decreased by \$2,424,283 of depreciation. Adjusted FY86 operational expenses are then \$7,926,699.

**Computer Services**

Computer paper and magnetic tapes required to meet user demands are anticipated to increase by 10% per year of the biennium. This will result in an increase of \$66,606 in FY88 and \$106,903 in FY89.

Rental costs for software programs are anticipated to increase by 15% in FY88 and 32% in FY89, for increases of \$22,071 and \$108,616, respectively. In addition, several types of software for end users and programming staff are slated for acquisition, at \$178,000 per year of the biennium.

Computer and terminal maintenance costs for the central computer operations total \$488,717 in FY88 and \$498,217 in FY89. In FY88, \$10,000 is budgeted to establish an inventory of spare parts for the power system to have an immediate remedy for any problems that should arise.

Goods for resale budget includes only software packages for the IBM 8100 system. Software for personal computers is now available through the state's Central Stores.

**Telecommunications Program**

The redesign of the digital network, developed through a contract for service completed during the 1987 biennium, will result in a savings of long distance charges amounting to \$152,000 in FY88 and \$139,000 in FY89.

Principal paid has been offset as a non-budgeted expenditure against debt service. The FY86 actual amount only includes interest amortization and trustee fees. FY88 and FY89 amounts include principal, interest and fees.

**911 Program**

SB325 established the 911 emergency telephone system. Funding will be generated by a monthly 25 cent per telephone access fee beginning January 1, 1987. The division is allowed 7%, or actual expenses, whichever is less, for administrative costs. Estimated revenue for FY88 and FY89 is \$1,095,300 - 7% of this amount is \$76,671.

**Modification Requests**

This modification request for proprietary fund authority will allow central computer operations to: 1) Acquire and install additional disk storage capacity to accommodate the increases in state business volume; 2) Acquire new software which will improve the utilization of the system by providing additional capacity without purchasing new hardware; 3) Accommodate magnetic tape library growth; 4) Reduce the cost of network services by installing remote communications controllers and concentrators.

FY88 = \$489,000

FY89 = \$482,000

This modification would authorize increased contracted services to satisfy requests for systems and programming services that cannot be handled with existing staff. Proprietary funds would be used.

FY88 = \$125,000

FY89 = \$125,000

This modification would centralize additional costs still being paid by agencies to vendors for telephone equipment and maintenance. Proprietary funds would be used.

FY88 = \$399,041

FY89 = \$402,041

**GENERAL SERVICES PROGRAM****Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	49.75	49.50	48.00	48.00
Personal Services	1,033,174.26	1,048,208	1,042,762	1,044,474
Operating Expenses	2,183,682.72	1,967,239	2,093,130	2,221,281
Equipment	898.97	0	5,150	0
Transfers	148,390.00	147,685	0	0
<b>Total Program Costs</b>	<b>\$3,366,145.95</b>	<b>\$3,163,132</b>	<b>\$3,141,042</b>	<b>\$3,265,755</b>
General Fund	434,682.85	527,952	420,304	435,196
Capital Projects Fund	20,608.73	58,801	58,801	58,801
Proprietary Fund	2,910,854.37	2,576,379	2,661,937	2,771,758
<b>Total Funding Costs</b>	<b>\$3,366,145.95</b>	<b>\$3,163,132</b>	<b>\$3,141,042</b>	<b>\$3,265,755</b>
Current Level Services	3,366,145.95	3,163,132	3,141,042	3,265,755
<b>Total Service Costs</b>	<b>\$3,366,145.95</b>	<b>\$3,163,132</b>	<b>\$3,141,042</b>	<b>\$3,265,755</b>

**Program Description**

The General Services Division staff provide the following services in the capitol complex: repair, maintenance, security and custodial. They also manage contracts providing additional services for the complex, including mechanical maintenance, pest control, elevator repair, and garbage collection (section 2-17 111, MCA).

grounds maintenance services provided by the Department of Fish, Wildlife and Parks. The Executive Budget recommends that language be included in the General Appropriations Act for the 1989 biennium that the Department of Administration may submit a budget amendment to cover additional utility costs, should the budgeted amount be exceeded.

**Budget Issues**

The rental rates charged agencies in the capitol complex are:

	FY88	FY89
Office Rate	\$3.02 per square foot	\$3.15 per square foot
Warehouse Rate	\$2.22 per square foot	\$2.33 per square foot

A total of 1.50 FTE were eliminated from this budget: .50 FTE security guard; .50 FTE architect; and two .25 FTE maintenance workers. Savings are \$25,794 in FY88 and \$25,746 in FY89.

Rent expenses for this program in FY86 included a \$353,615 non-budgeted transfer and was therefore, overstated by that amount.

These rates were included in all budget requests, with the exception of legislative budgets. The rates do not include

**PROPERTY AND SUPPLY BUREAU****Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	16.00	17.00	16.00	16.00
Personal Services	356,370.67	378,202	365,031	364,974
Operating Expenses	2,038,335.37	2,998,961	2,478,509	2,710,742
Equipment	73,502.45	60,000	0	0
<b>Total Program Costs</b>	<b>\$2,468,208.49</b>	<b>\$3,437,163</b>	<b>\$2,843,540</b>	<b>\$3,075,716</b>
Proprietary Fund	2,468,208.49	3,437,163	2,843,540	3,075,716
<b>Total Funding Costs</b>	<b>\$2,468,208.49</b>	<b>\$3,437,163</b>	<b>\$2,843,540</b>	<b>\$3,075,716</b>
Current Level Services	2,468,208.49	3,437,163	2,843,540	3,075,716
<b>Total Service Costs</b>	<b>\$2,468,208.49</b>	<b>\$3,437,163</b>	<b>\$2,843,540</b>	<b>\$3,075,716</b>

**Program Description**

The Purchasing Division's Property and Supply Bureau, provides centralized purchasing and distribution of office and

janitorial supplies for state agencies. The Bureau is responsible for the Surplus Property Program which disposes of property no longer needed by an agency.

**Budget Issues**

The Property and Supply Bureau is administered by the Purchasing Division and one-half of the administrator's salary is included in this proposed budget.

The Legislature appropriated \$3,000,000 for each year of the 1987 biennium for "cost of goods sold". The amounts and purpose were line-itemed in HB500. A reduction of

\$135,515 was taken as part of the FY87 5% cuts. The Executive Budget recommends \$2,333,686 in FY88 and \$2,572,193 in FY89.

Support for the Legal Unit in the Director's office will be \$2,267 in FY88 and \$2,250 in FY89.

A warehouse worker position was eliminated for a savings of \$17,896 in FY88 and \$17,934 in FY89.

**PURCHASING PROGRAM**  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	16.25	15.50	15.00	15.00
Personal Services	409,057.56	356,976	374,696	374,247
Operating Expenses	83,675.08	98,980	91,929	92,635
Equipment	2,081.72	850	0	0
<b>Total Program Costs</b>	<b>\$494,814.36</b>	<b>\$456,806</b>	<b>\$466,625</b>	<b>\$466,882</b>
General Fund	494,814.36	456,806	466,625	466,882
<b>Total Funding Costs</b>	<b>\$494,814.36</b>	<b>\$456,806</b>	<b>\$466,625</b>	<b>\$466,882</b>
Current Level Services	494,814.36	456,806	466,625	466,882
<b>Total Service Costs</b>	<b>\$494,814.36</b>	<b>\$456,806</b>	<b>\$466,625</b>	<b>\$466,882</b>

**Program Description**

The Purchasing Division provides a centralized purchasing service for executive, judicial and legislative branch state agencies as required by Title 18, chapter 4, MCA. By concentrating purchases in a central entity, state government can achieve standardization of specifications, eliminate duplication of effort between state agencies and receive lower costs as a result of volume buying. The Purchasing Division has staff skilled in and who devote their full time to the business of purchasing.

The Purchasing Division's Purchasing Bureau, investigates possible sources for products, determines alternate product possibilities; prepares specifications, and enforces the terms

and conditions outlined in purchase orders issued. The Bureau ensures compliance with purchasing law and rule for agencies with delegated purchasing authority and provides technical assistance with their purchases.

**Budget Issues**

One-half of the administrator's salary is included in this proposed budget.

A .25 FTE was transferred to Architecture and Engineering Division and was returned in FY87. During the June 1986 Special Session, another FTE was transferred to the Architecture and Engineering Division. A management analyst position was eliminated. Total savings is \$58,055 in FY88 and \$57,969 in FY89.

**MAIL & DISTRIBUTION BUREAU**  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	9.25	9.25	11.25	11.25
Personal Services	174,502.55	166,078	194,672	195,388
Operating Expenses	796,818.70	922,941	1,335,455	1,465,196
Equipment	0.00	8,875	6,420	6,195
Debt Service	255.00	0	3,276	2,457
<b>Total Program Costs</b>	<b>\$971,576.25</b>	<b>\$1,097,894</b>	<b>\$1,539,823</b>	<b>\$1,669,236</b>
Proprietary Fund	971,576.25	1,097,894	1,539,823	1,669,236
<b>Total Funding Costs</b>	<b>\$971,576.25</b>	<b>\$1,097,894</b>	<b>\$1,539,823</b>	<b>\$1,669,236</b>
Current Level Services	971,576.25	1,097,894	1,140,492	1,236,669
Modified Level Services	0.00	0	399,331	432,567
<b>Total Service Costs</b>	<b>\$971,576.25</b>	<b>\$1,097,894</b>	<b>\$1,539,823</b>	<b>\$1,669,236</b>

**Program Description**

The Central Mail Bureau staff provide mail service (U.S. Mail, Deadhead, UPS and Capitol Post Office) in the capitol complex (section 2-17-301, MCA). Users are billed for this service.

**Budget Issues**

Recommended communication costs reflect an anticipated 11% annual volume increase for postage and mailing. The bureau is requesting \$914,570 in FY88 and \$1,012,888 in FY89 for postage and mailing. The rest of the communications costs are normal operating expenses.



Postage and mailing was line-itemed in 1987 biennium and the Executive Budget recommends the same procedure be followed in the 1989 biennium.

This modification requests proprietary fund authority for 2.00 FTE and postage for processing of out-going mail for two agencies not currently using the mail service.

#### Modification Request

FY88 = \$399,331

FY89 = \$432,567

#### CENTRALIZED SERVICES DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	14.75	15.00	14.50	14.50
Personal Services	373,000.85	380,133	386,670	386,693
Operating Expenses	58,758.71	50,561	60,779	52,279
Equipment	9,637.92	123	0	0
<b>Total Program Costs</b>	<b>\$441,397.48</b>	<b>\$430,817</b>	<b>\$447,449</b>	<b>\$438,972</b>
General Fund	413,506.56	404,151	416,485	408,063
Proprietary Fund	27,890.92	26,666	30,964	30,909
<b>Total Funding Costs</b>	<b>\$441,397.48</b>	<b>\$430,817</b>	<b>\$447,449</b>	<b>\$438,972</b>
Current Level Services	441,397.48	430,817	447,449	438,972
<b>Total Service Costs</b>	<b>\$441,397.48</b>	<b>\$430,817</b>	<b>\$447,449</b>	<b>\$438,972</b>

#### Program Description

The staff of the Centralized Services Division perform three major functions. As a centralized service function, the division staff provide accounting and budgeting services for all divisions and programs of the Department of Administration. As Treasury for the State of Montana, the division staff receive and account for all money deposited by state agencies and redeem all state warrants presented for payment. As a personnel unit, the staff have responsibility for the personnel functions of the Department.

#### Budget Issues

One position and operating costs associated with that position are supported by the Investment Division. The duties of this position are attributable to the investment function. One-quarter of an accounting position was transferred to the Personnel Division and another 0.25 of the position was eliminated. Savings are \$11,512 in FY88 and \$11,493 in FY89.

\$9,428 of audit fees have been included for FY88.

#### INVESTMENT PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	19.00	17.50	19.00	19.00
Personal Services	531,878.40	552,477	613,946	613,803
Operating Expenses	288,114.95	217,872	344,114	268,378
Equipment	3,148.49	7,200	5,259	1,759
Local Assistance	0.00	0	250,000	250,000
Debt Service	1,810.80	0	9,190	3,924
<b>Total Program Costs</b>	<b>\$824,952.64</b>	<b>\$777,549</b>	<b>\$1,222,509</b>	<b>\$1,137,864</b>
General Fund	0.00	0	250,000	250,000
Proprietary Fund	824,952.64	777,549	972,509	887,864
<b>Total Funding Costs</b>	<b>\$824,952.64</b>	<b>\$777,549</b>	<b>\$1,222,509</b>	<b>\$1,137,864</b>
Current Level Services	824,952.64	777,549	908,300	823,751
Modified Level Services	0.00	0	314,209	314,113
<b>Total Service Costs</b>	<b>\$824,952.64</b>	<b>\$777,549</b>	<b>\$1,222,509</b>	<b>\$1,137,864</b>

#### Program Description

The Board of Investments has the sole authority to invest state funds. It directs the investment of state funds in accordance with the Montana Constitution (Article VII, Section 13) and laws of the state (section 17-6-201, MCA). The Investment staff initiates the investment process for board approval. The division's operations and the board's activities are funded by investment income.

#### Budget Issues

The increase in operating expenses in FY88 is due to audit fees of \$72,000. The increase in rent (\$47,280 in FY88 and \$48,720 in FY89) is being offset by a reduction in communication costs and a one-time remodeling cost reflected in the FY86 base.

Two positions were eliminated, a systems analyst and a security analyst, resulting in an annual savings of \$56,402.

**Modification Requests**

Two additional portfolio managers are requested to accommodate a projected workload increase. Proprietary funds would be used.

FY88 = \$66,884

FY89 = \$66,784

This recommendation is to continue general fund support of the link deposit program created by the March Special

Session. The program provides operating capital to operators at a lower rate of interest.

FY88 = \$250,000

FY89 = \$250,000

**STATE PERSONNEL DIVISION**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	38.00	37.25	37.00	37.00
Personal Services	980,255.38	978,682	1,011,101	1,010,200
Operating Expenses	678,604.23	302,330	324,571	330,079
Equipment	16,067.84	1,051	1,450	550
Benefits and Claims	14,869,504.04	0	0	0
Transfers	30,564.77	0	30,646	30,646
<b>Total Program Costs</b>	<b>\$16,574,996.26</b>	<b>\$1,282,063</b>	<b>\$1,367,768</b>	<b>\$1,371,475</b>
General Fund	950,164.80	967,288	951,567	954,792
Proprietary Fund	15,624,831.46	314,775	416,201	416,683
<b>Total Funding Costs</b>	<b>\$16,574,996.26</b>	<b>\$1,282,063</b>	<b>\$1,367,768</b>	<b>\$1,371,475</b>
Current Level Services	16,574,996.26	1,282,063	1,367,768	1,371,475
<b>Total Service Costs</b>	<b>\$16,574,996.26</b>	<b>\$1,282,063</b>	<b>\$1,367,768</b>	<b>\$1,371,475</b>

**Program Description**

The staff of the State Personnel Division provide state agencies with a comprehensive program of personnel administration including: position classification, collective bargaining and labor relations, group benefits plans, compensation plan and rules, deferred compensation, training, employee incentive awards, sick leave fund, equal employment and affirmative action, and health promotion. They publish State rules and policies dealing with recruitment, selection, discipline, grievance, performance appraisal, leave, affirmative action and other personnel related matters. They serve as staff to the Governor's Committee on the Employment of the Handicapped.

**Budget Issues**

FY86 contracted services is over-stated by \$359,861. Non budgeted expenditures were rolled up with budgeted expenditures. The adjusted figure is \$178,691.

Benefits and claims are also non-budget expenditures.

To cover the costs of the annual Employee Benefits account audit, \$24,700 has been included in each year of the biennium.

The salary survey will be printed in FY89 at a projected cost of \$2,500.

Messenger service costs for the Division have doubled from \$2,328 in FY86 to \$4,656 for FY88 and FY89.

A personnel technician position was transferred to the State Auditor's Office. Savings are \$22,652 in FY88 and \$22,641 in FY89.

**TORT CLAIMS DIVISION**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	8.50	9.00	8.50	8.50
Personal Services	236,956.04	289,935	265,935	265,571
Operating Expenses	743,779.05	1,566,210	1,336,629	1,324,543
Equipment	2,000.80	1,450	0	0
Benefits and Claims	1,404,794.65	0	0	0
Transfers	447,739.23	0	0	0
<b>Total Program Costs</b>	<b>\$2,835,269.77</b>	<b>\$1,857,595</b>	<b>\$1,602,564</b>	<b>\$1,590,114</b>
Proprietary Fund	2,835,269.77	1,857,595	1,602,564	1,590,114
<b>Total Funding Costs</b>	<b>\$2,835,269.77</b>	<b>\$1,857,595</b>	<b>\$1,602,564</b>	<b>\$1,590,114</b>
Current Level Services	2,835,269.77	1,857,595	1,602,564	1,590,114
<b>Total Service Costs</b>	<b>\$2,835,269.77</b>	<b>\$1,857,595</b>	<b>\$1,602,564</b>	<b>\$1,590,114</b>

**Program Description**

The function of the Tort Claims Division is twofold. First, it must provide for the investigation, defense, and payment

of bodily injury and property damage claims incurred by all agencies, officers and employees of the state of Montana under Article II, Section 18, Constitution of Montana, and

the Montana Tort Claims Act. Second, the Division must assess the fire, casualty and bond risks of the state for all state-owned buildings, equipment, fixtures, boilers, aircraft, cash and securities, etc. and provide either commercial or self-insurance protection for the financial loss of such property.

The vast majority of the Division's time and effort is concentrated in the comprehensive general liability risks that are fully self-insured by the Division. Examples of coverages include owner/landlord tenant liability, professional errors and omissions, medical malpractice, defamation, false arrest and imprisonment, wrongful discharge, violation of covenants of good faith and fair dealing, civil rights violations, and general common law negligence. Activities of state government that may create financial liability but are not administered by the Division are such items as collective bargaining, unfair labor practice charges, employment discrimination claims under the Human Rights Act, claims payable by other state funds, i.e., claims against the uninsured employer's fund, retirement system benefits wrongfully

denied, and the wrongful collection and distribution of taxes.

#### Budget Issues

The Executive Budget recommends that language be included in the General Appropriations Act for the 1989 biennium that the department be allowed to expend available self-insurance reserves and revenues to pay any deficit that may be incurred for insurance premiums due and payable through June 30, 1989.

Insurance premiums for property, fidelity bond, boiler, aircraft, and miscellaneous are requested at \$719,209 for each year of the biennium.

Due to caseload, \$318,778 per year is requested for contracted legal services covering legal fees, court costs, investigations.

One-half of an administrative officer position was transferred to the Information Services Division. Savings are \$12,684 in FY88 and \$12,661 in FY89.

PASSENGER TRAMWAY SAFETY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	425.00	0	0	0
Operating Expenses	11,359.72	18,765	0	0
<b>Total Program Costs</b>	<b>\$11,784.72</b>	<b>\$18,765</b>	<b>\$0</b>	<b>\$0</b>
General Fund	11,784.72	0	0	0
State Special Revenue Fund	0.00	18,765	0	0
<b>Total Funding Costs</b>	<b>\$11,784.72</b>	<b>\$18,765</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	11,784.72	18,765	0	0
<b>Total Service Costs</b>	<b>\$11,784.72</b>	<b>\$18,765</b>	<b>\$0</b>	<b>\$0</b>

#### Program Description

This program will be transferred to the Department of Commerce, pending passage of legislation.

WORKERS COMPENSATION JUDGE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	9.00	8.00	8.00	8.00
Personal Services	227,541.17	214,646	224,559	224,359
Operating Expenses	50,313.16	108,668	119,713	110,767
Equipment	34,111.75	1,650	800	800
<b>Total Program Costs</b>	<b>\$311,966.08</b>	<b>\$324,964</b>	<b>\$345,072</b>	<b>\$335,926</b>
State Special Revenue Fund	311,966.08	324,964	345,072	335,926
<b>Total Funding Costs</b>	<b>\$311,966.08</b>	<b>\$324,964</b>	<b>\$345,072</b>	<b>\$335,926</b>
Current Level Services	311,966.08	324,964	345,072	335,926
<b>Total Service Costs</b>	<b>\$311,966.08</b>	<b>\$324,964</b>	<b>\$345,072</b>	<b>\$335,926</b>

#### Program Description

The Worker's Compensation Court Program adjudicates disputes between claimants and insurers involved in workers' compensation cases in accordance with Title 39, chapter 71, part 29, MCA.

#### Budget Issues

The operational cost increases are due to the contracting of court reporting services (\$22,750), contracting for a hearings officer (\$12,000), the possible moving of the court out the Workers Compensation Building (\$19,500 for rent), relocation costs and telephone installation costs (\$8,155), and additional travel expenses due to caseload.

The court is requesting \$3,600 in rent each year of the biennium for meeting rooms which are used for conducting trials. This was line itemed in the 1987 biennium.

The court reporter position was eliminated for a savings in personal services and benefits of \$27,870.

The Governor will propose to the 1987 Legislature the elimination of the Workers' Compensation Court and that a quasi-judicial board be created to replace the court. An operational budget for the board will be presented to the Legislature which will be within the amounts proposed for the court.

STATE TAX APPEAL BOARD Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	5.50	5.50	6.00	5.50
Personal Services	212,433.90	198,287	266,001	236,324
Operating Expenses	102,287.85	89,783	244,645	151,175
Equipment	5,615.75	0	1,896	496
<b>Total Program Costs</b>	<b>\$320,337.50</b>	<b>\$288,070</b>	<b>\$512,542</b>	<b>\$387,995</b>
General Fund	320,337.50	288,070	512,542	387,995
<b>Total Funding Costs</b>	<b>\$320,337.50</b>	<b>\$288,070</b>	<b>\$512,542</b>	<b>\$387,995</b>
Current Level Services	320,337.50	288,070	315,337	314,116
Modified Level Services	0.00	0	197,205	73,879
<b>Total Service Costs</b>	<b>\$320,337.50</b>	<b>\$288,070</b>	<b>\$512,542</b>	<b>\$387,995</b>

#### Program Description

The State Tax Appeal Board was established by Article XIII, Section 7 of the Montana Constitution and 15-2-101 of the MCA to provide a tax appeal system for all actions of the Department of Revenue. It hears appeals from decisions of the 56 county tax appeal boards and takes original jurisdiction in matters involving income taxes (Section 15-30-147, MCA); corporate taxes (Section 15-31-532, MCA); and severance taxes, centrally assessed property, and new industry (Section 15-2-302, MCA). The board travels throughout the state to hear appeals from decisions of the county tax appeal boards. The State Tax Appeal Board conducts informational meetings on a district basis for the various county tax appeal boards. The State Tax Appeal Board reviews and pays the expenses of the 56 county tax appeal boards.

#### Modification Requests

The board is projecting a 50% caseload increase in FY88 and a 25% increase in FY89. An estimated 8,000 appeals will be filed with county tax appeal boards in calendar year 1986, of which 2,500 are likely to be appealed to the state board. In comparison, 874 appeals were filed with the local boards during calendar year 1985, with 500 filed with the state board. A half-time administrative assistant and operational costs are requested with general funding.

FY88 = \$163,455

FY89 = \$73,879

\$30,000 was appropriated for the 1987 biennium to settle the "34%" cases. The issue is back in court and there are approximately 2,000 cases pending appeal. \$33,750 of general fund monies are requested for the 1989 biennium to cover contracted service costs and related office supplies.

\$33,750 Biennium

BONDS & TANS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Transfers	11,285,219.20	0	0	0
Debt Service	2,149,779.06	0	0	0
<b>Total Program Costs</b>	<b>\$13,434,998.26</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund	12,366,334.34	0	0	0
State Special Revenue Fund	318,999.75	0	0	0
Capital Projects Fund	749,664.17	0	0	0
<b>Total Funding Costs</b>	<b>\$13,434,998.26</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	13,434,998.26	0	0	0
<b>Total Service Costs</b>	<b>\$13,434,998.26</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	22.50	22.50	19.60	17.60
Personal Services	486,506.50	518,915	471,881	423,149
Operating Expenses	303,595.68	275,021	345,966	238,366
Equipment	23,152.25	2,500	1,395	1,481
<b>Total Agency Costs</b>	<b>\$813,254.43</b>	<b>\$796,436</b>	<b>\$819,242</b>	<b>\$662,996</b>
Non-expendable Trust Fund	813,254.43	796,436	819,242	662,996
<b>Total Funding Costs</b>	<b>\$813,254.43</b>	<b>\$796,436</b>	<b>\$819,242</b>	<b>\$662,996</b>
Current Level Services	813,254.43	796,436	769,242	662,996
Modified Level Services	0.00	0	50,000	0
<b>Total Service Costs</b>	<b>\$813,254.43</b>	<b>\$796,436</b>	<b>\$819,242</b>	<b>\$662,996</b>

The Public Employees' Retirement Division of the Department of Administration administers the retirement systems for the members and their beneficiaries of the Game Wardens', Highway Patrol, Judges', Public Employees', Sheriffs', Statewide Police, Unified Firefighters' and Volunteer Firefighters of Unincorporated Areas Retirement Systems as defined in Title 19, Chapters 3, 5, 6, 7, 8, 9, 12 and 13, MCA and the Federal-State Social Security Agreement as defined in Title II, Section 218 of the Social Security Act and Title 19, Chapter 1, MCA, subject to the goals and policies established by the Public Employees' Retirement Board.

#### Budget Issues

State administrators will be meeting with Social Security Administration and Internal Revenue Service officials to determine the future obligations of the state under the existing Federal/State agreement. Currently, the Public Employees Retirement Division is responsible for the collection and disbursement of social security contributions from state and local government entities. It is anticipated that the division will no longer have these responsibilities, but the time frame and funds available for the phaseout are unknown. Because

of this possible change in responsibilities, the division has projected a reduction of 2 FTE (\$33,686) and \$9,464 of operational costs in FY88 and an additional reduction of 2 FTE in FY89 for a total savings of \$84,290 for 4 FTE in FY89. Operational costs will be reduced by \$30,575 in FY89.

Support for the Legal Unit in the Director's Office will be \$13,602 in FY88 and \$13,497 in FY89.

An additional .90 FTE was eliminated for an annual savings of \$13,183.

#### Modification Request

The Public Employees Retirement Division proposes to rewrite two of its accounting systems: 1) the contribution edit and update programs to update member accounts when contributions are received and balanced; and, 2) the refund subsystem to process refund applications once individual member accounts are updated with the payroll upon which they last appear. PERS Pension Trust funds will finance the activity.

FY88 = \$50,000

FY89 = \$0

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	11.00	11.00	10.40	10.40
Personal Services	222,938.46	241,811	229,961	229,899
Operating Expenses	131,813.27	169,708	194,431	174,126
Equipment	1,389.01	0	2,077	0
<b>Total Agency Costs</b>	<b>\$356,140.74</b>	<b>\$411,519</b>	<b>\$426,469</b>	<b>\$404,025</b>
Non-expendable Trust Fund	356,140.74	411,519	426,469	404,025
<b>Total Funding Costs</b>	<b>\$356,140.74</b>	<b>\$411,519</b>	<b>\$426,469</b>	<b>\$404,025</b>
Current Level Services	356,140.74	411,519	426,469	404,025
<b>Total Service Costs</b>	<b>\$356,140.74</b>	<b>\$411,519</b>	<b>\$426,469</b>	<b>\$404,025</b>

**Agency Description**

The Teachers Retirement System provides retirement, disability, and survivor benefits for the state teachers and their beneficiaries. The Teachers' Retirement Board which is comprised of six members, all appointed by the Governor, is responsible for the administration of the System. To assist the Board in fulfilling these duties the Board employs a full-time staff. The program is regulated by Title 19, Chapter 4, MCA.

Projected rent for the TRS Building is \$21,105 in FY88 and \$22,160 in FY89. Utility and janitorial costs will no longer be paid by the agency because these costs will be covered by rent payments to the General Services Division of \$19,422 in FY88 and \$20,258 in FY89.

Support for the Legal Unit in the Director's Office will be \$4,908 in FY88 and \$4,872 in FY89.

Savings of \$9,573 in FY88 and \$9,556 in FY89 will result from elimination of .60 of an administrative clerk position.

**Budget Issues**

The Teachers Retirement System (TRS) converted to a new computer system for which operational cost estimates are \$61,509 in FY88 and \$65,858 in FY89.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.54	.00	.00	.00
Personal Services	21,416.49	0	0	0
Operating Expenses	49,151.22	0	0	0
Capital Outlay	21,508,747.36	0	0	0
Transfers	2,945,242.61	0	0	0
<b>Total Agency Costs</b>	<b>\$24,524,557.68</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
State Special Revenue Fund	1,211,670.26	0	0	0
Federal & Other Spec Rev Fund	176,652.67	0	0	0
Capital Projects Fund	23,114,124.09	0	0	0
Proprietary Fund	22,110.66	0	0	0
<b>Total Funding Costs</b>	<b>\$24,524,557.68</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	18,731,395.68	0	0	0
Modified Level Services	5,793,162.00	0	0	0
<b>Total Service Costs</b>	<b>\$24,524,557.68</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Agency Description**

The Long Range Building Program is presented under separate cover.

In 1965, the Legislature implemented the Long Range Building Program. The program is delineated in sections 17-7-202 and 18-2-101 through 18-2-105, MCA.

DEPARTMENTS & AGENCIES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	34,175.29	0	0	0
Capital Outlay	6,917,939.22	0	0	0
Transfers	2,919,477.21	0	0	0
<b>Total Program Costs</b>	<b>\$9,871,591.72</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
State Special Revenue Fund	1,113,676.83	0	0	0
Federal & Other Spec Rev Fund	176,652.67	0	0	0
Capital Projects Fund	8,559,151.56	0	0	0
Proprietary Fund	22,110.66	0	0	0
<b>Total Funding Costs</b>	<b>\$9,871,591.72</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	9,777,483.25	0	0	0
Modified Level Services	94,108.47	0	0	0
<b>Total Service Costs</b>	<b>\$9,871,591.72</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

UNIVERSITY SYSTEM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	8,782.59	0	0	0
Capital Outlay	7,225,849.22	0	0	0
Transfers	25,765.40	0	0	0
<b>Total Program Costs</b>	<b>\$7,260,397.21</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Capital Projects Fund	7,260,397.21	0	0	0
<b>Total Funding Costs</b>	<b>\$7,260,397.21</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	7,260,397.21	0	0	0
<b>Total Service Costs</b>	<b>\$7,260,397.21</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

INSTITUTIONS Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	.54	.00	.00	.00
Personal Services	21,416.49	0	0	0
Operating Expenses	6,193.34	0	0	0
Capital Outlay	7,364,958.92	0	0	0
<b>Total Program Costs</b>	<b>\$7,392,568.75</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
State Special Revenue Fund	97,993.43	0	0	0
Capital Projects Fund	7,294,575.32	0	0	0
<b>Total Funding Costs</b>	<b>\$7,392,568.75</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	1,693,515.22	0	0	0
Modified Level Services	5,699,053.53	0	0	0
<b>Total Service Costs</b>	<b>\$7,392,568.75</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	92.53	87.81	86.67	86.67
Personal Services	2,076,504.98	2,169,378	2,202,547	2,207,398
Operating Expenses	708,359.95	1,328,193	913,352	893,986
Equipment	136,570.49	90,944	113,160	132,657
Grants	556,008.19	766,000	1,300,701	1,300,701
Transfers	0.00	1,097	0	0
<b>Total Agency Costs</b>	<b>\$3,477,443.61</b>	<b>\$4,355,612</b>	<b>\$4,529,760</b>	<b>\$4,534,742</b>
General Fund	1,542,157.28	1,453,696	1,727,976	1,708,478
State Special Revenue Fund	793,603.76	1,120,773	820,147	789,337
Federal & Other Spec Rev Fund	858,194.23	1,370,219	1,686,745	1,741,387
Proprietary Fund	79,329.20	146,189	33,289	33,490
Expendable Trust Fund	204,159.14	264,735	261,603	262,050
<b>Total Funding Costs</b>	<b>\$3,477,443.61</b>	<b>\$4,355,612</b>	<b>\$4,529,760</b>	<b>\$4,534,742</b>
Current Level Services	3,389,022.82	4,355,612	4,224,428	4,229,270
Modified Level Services	88,420.79	0	305,332	305,472
<b>Total Service Costs</b>	<b>\$3,477,443.61</b>	<b>\$4,355,612</b>	<b>\$4,529,760</b>	<b>\$4,534,742</b>

**Agency Description**

The Department of Agriculture was established by Article XII, Section 1 of the Montana Constitution. It is designed to encourage and promote the interests of all agricultural and allied industries in Montana; collect and publish statistics

relating to the production and marketing of agricultural products; assist, encourage and promote the organization of farmers; gather and distribute marketing information; and administer regulations pertaining to production and marketing of food and fiber products (section 8-1-102, MCA).

CENTRALIZED SERVICES DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	12.25	11.25	11.25	11.25
Personal Services	314,868.06	325,261	336,262	336,399
Operating Expenses	83,473.98	565,645	106,573	76,398
Equipment	3,183.50	1,500	1,370	0
Grants	246,703.44	0	111,776	111,776
<b>Total Program Costs</b>	<b>\$648,228.98</b>	<b>\$892,406</b>	<b>\$555,981</b>	<b>\$524,573</b>
General Fund	304,891.98	271,276	262,088	251,470
State Special Revenue Fund	290,307.19	538,448	203,552	197,345
Federal & Other Spec Rev Fund	51,029.81	54,918	60,122	46,939
Proprietary Fund	2,000.00	1,900	0	0
Expendable Trust Fund	0.00	25,864	30,219	28,819
<b>Total Funding Costs</b>	<b>\$648,228.98</b>	<b>\$892,406</b>	<b>\$555,981</b>	<b>\$524,573</b>
Current Level Services	648,228.98	892,406	555,981	524,573
<b>Total Service Costs</b>	<b>\$648,228.98</b>	<b>\$892,406</b>	<b>\$555,981</b>	<b>\$524,573</b>

**Program Description**

Centralized Services Division provides accounting, fiscal management, payroll, personnel, purchasing, property control, data processing, equal opportunity administration and legal support to all programs within the department. Attached to the directors office, the weed management program administers the noxious weed management trust fund and provides special grants for noxious weed control and eradication.

**Budget Issues**

The agency met its obligation to the unfunded portion of the pay plan through personal service reductions and decreases to operating costs. There was 1.0 FTE reduction

in Centralized services as well as reductions to operating costs.

The program requests 11.25 FTE in each year of the biennium. This represents a reduction in staff of 1.0 FTE. A four percent vacancy savings is applied.

Centralized Services requests \$20,400 in the first year of the biennium for audit costs.

There is an overall increase to the travel budget in both FY88 and FY89 from FY86 expenditures. The increase is due primarily to the addition of the weed coordinator and the travel associated with the position.

The program request includes \$3,500 in FY88 and \$2,500 in FY89 for public relation expenses. The FY88 and FY89

level reflects \$2,400 each year in unexpended FY86 "donations". \$1,000 in FY88 is also requested for costs associated with the Western Association of State Departments of Agriculture (WASDA) convention.

The funding for this requested budget is based on a formula to determine the percentage of the various earmarked, federal, and proprietary funds which should contribute to Centralized Services functions. General fund is requested to fund the portion of the budget not covered by these indirect cost revenues.

HAIL INSURANCE UNIT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	6.30	6.30	6.30	6.30
Personal Services	104,785.68	120,676	113,636	113,537
Operating Expenses	36,974.62	48,269	41,995	41,432
Equipment	2,222.15	3,000	4,500	2,000
<b>Total Program Costs</b>	<b>\$143,982.45</b>	<b>\$171,945</b>	<b>\$160,131</b>	<b>\$156,969</b>
Expendable Trust Fund	143,982.45	171,945	160,131	156,969
<b>Total Funding Costs</b>	<b>\$143,982.45</b>	<b>\$171,945</b>	<b>\$160,131</b>	<b>\$156,969</b>
Current Level Services	143,982.45	171,945	160,131	156,969
<b>Total Service Costs</b>	<b>\$143,982.45</b>	<b>\$171,945</b>	<b>\$160,131</b>	<b>\$156,969</b>

#### Program Description

The Hail Insurance Unit, totally funded by participating farmers and ranchers, provides administration of Montana's hail insurance laws and offers grain growers insurance and protection against crop loss due to hail. As provided in MCA 80-2-232, two percent of the gross annual levies collected from the participants goes to the counties and one and one-half percent to the state for administration. This unit is attached to the department for administrative purposes only. By statute, the director is a member and secretary of the Board of Hail Insurance.

#### Budget Issues

The requested level of FTE in FY88 and FY89 does not deviate from the FY86 level of 6.30. A four percent vacancy savings is applied to the positions.

The recommended budget reflects the uncertainty of moisture levels each year. FY88 and FY89 recommended budget shows an increase of appropriation authority in virtually all operation expenditures. The FY86 budget is low due to the less than average number of policy holders suffering hail damage and due to the severity of the drought. Consequently, the requested budget for the new biennium reflects a "normal" moisture season.

The department requests \$1,050 in FY88 to replace a seven-year old typewriter. Also requested is \$3,050 to replace a computer terminal and accessories. In FY89, \$2,000 is requested for the purchase of a printer.

The hail insurance program is funded by an expendable trust fund.

WHEAT RESEARCH & MARK UNIT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	3.12	3.12	3.12	3.12
Personal Services	89,683.05	98,736	95,292	95,506
Operating Expenses	78,623.45	173,260	102,407	104,494
Equipment	2,934.50	0	1,122	1,122
Grants	296,245.56	750,000	-1,170,925	1,170,925
<b>Total Program Costs</b>	<b>\$467,486.56</b>	<b>\$1,021,996</b>	<b>\$1,369,746</b>	<b>\$1,372,047</b>
Federal & Other Spec Rev Fund	467,486.56	1,021,996	1,369,746	1,372,047
<b>Total Funding Costs</b>	<b>\$467,486.56</b>	<b>\$1,021,996</b>	<b>\$1,369,746</b>	<b>\$1,372,047</b>
Current Level Services	467,486.56	1,021,996	1,369,746	1,372,047
<b>Total Service Costs</b>	<b>\$467,486.56</b>	<b>\$1,021,996</b>	<b>\$1,369,746</b>	<b>\$1,372,047</b>

#### Program Description

The Wheat Research and Marketing Unit, totally funded by participating grain producers, exists to encourage and promote both the development of markets for Montana wheat and barley and intensive scientific and practical research into all phases of wheat and barley culture, production and use. The Wheat Research and Marketing Unit is attached to the department for administrative purposes only. The direc-

tor is an ex-officio member of the Wheat Research and Marketing Committee.

#### Budget Issues

Specific cuts to meet the Agency's obligation to the unfunded portion of the pay plan were not made in this program. The requested FTE for FY88 and FY89 remain at the FY86 level. A four percent vacancy savings is applied.

During 1985, a severe drought reduced Montana's wheat and barley crop to the lowest level experienced in 40 years. Consequently, revenue was not available to expend at the authorized FY86 level and expenditures were low. Income from the 1986 crop is anticipated to be approximately three times the volume of 1985. Consequently, the program request reflects increases in virtually all areas of expenditure.

Costs associated with the annual report to producers is requested to increase: 1) typesetting and graphic arts to

increase by \$3,996 in each year of the biennium; 2) printing and publications to increase \$2,470 in FY88 and FY89; 3) postage and mailing to increase \$4,460 in each year of the biennium.

The overall travel budget is requested to increase by \$18,567 in FY88 and \$20,340 in FY89 from the FY86 level. The increase is related to Board travel.

Funding for this program is derived solely from Wheat Research and Marketing Funds.

#### ENVIRONMENTAL MANAGEMENT DIV Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	30.01	28.50	26.50	26.50
Personal Services	691,555.27	707,963	694,682	697,138
Operating Expenses	229,008.11	282,240	235,817	240,664
Equipment	127,319.29	55,894	57,280	98,435
<b>Total Program Costs</b>	<b>\$1,047,882.67</b>	<b>\$1,046,097</b>	<b>\$987,779</b>	<b>\$1,036,237</b>
General Fund	681,194.65	664,014	649,681	649,792
State Special Revenue Fund	157,751.46	157,401	153,544	142,615
Federal & Other Spec Rev Fund	208,936.56	224,682	184,554	243,830
<b>Total Funding Costs</b>	<b>\$1,047,882.67</b>	<b>\$1,046,097</b>	<b>\$987,779</b>	<b>\$1,036,237</b>
Current Level Services	984,243.24	1,046,097	987,779	1,036,237
Modified Level Services	63,639.43	0	0	0
<b>Total Service Costs</b>	<b>\$1,047,882.67</b>	<b>\$1,046,097</b>	<b>\$987,779</b>	<b>\$1,036,237</b>

#### Program Description

The Environmental Management Division is responsible for administering the Montana Pesticides Act, the Crop Insect Detection and Management Act, the Noxious Plant Management Assistance Act, the Vertebrate Pest Management Act, and for managing the department's Chemical Analytical Laboratory. Technical and consultant services are also provided to consumers and agricultural producers in the pesticide, analytical chemistry and pest management program areas.

The Field Services, Technical Services and Laboratory Bureau are respectively responsible for the pesticide enforcement program, pest and pesticide services and training program, and for the analysis of feeds, fertilizers, pesticides and other chemicals in agricultural commodities and environmental samples.

#### Budget Issues

The Environmental Management Division made the cuts necessary to meet its obligation to the unfunded portion of the pay plan through reductions in FTE. For both years of the new biennium 26.50 FTE are requested. This represents

a reduction of 3.51 from the FY86 level. A four percent vacancy savings is applied.

The requested budget includes \$10,351 and \$10,502 in FY88 and FY89, respectively, to contract for a keypunch operator to input pesticide information to the Department's data processing system.

The budget request includes \$3,460 in FY88 and \$3,465 in FY89 for costs associated with copying documents.

Included in the out-of-state travel budget is \$5,000 in each year of the biennium for costs associated with the program's marketing program.

The laboratory equipment request includes \$32,965 for the laboratory equipment contract and \$2,500 for repair of equipment on hand. The FY89 requests \$33,965 for the laboratory equipment contract and \$2,500 for repair costs.

Included in the education budget is \$4,280 in FY88 and \$685 in FY89 for education related materials. A \$1,000 request in FY88 includes a geoguard blation pump used to collect ground water samples (\$750) and a portable electric air compressor to power the pump (\$250).

PLANT INDUSTRY DIVISION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	31.15	29.64	28.83	28.83
Personal Services	678,731.71	690,034	707,739	709,771
Operating Expenses	131,266.77	153,194	149,868	151,205
Equipment	0.00	30,152	48,888	31,100
Transfers	0.00	1,097	0	0
<b>Total Program Costs</b>	<b>\$809,998.48</b>	<b>\$874,477</b>	<b>\$906,495</b>	<b>\$892,076</b>
General Fund	418,969.78	416,789	420,462	418,410
State Special Revenue Fund	332,352.49	388,841	420,721	406,905
Federal & Other Spec Rev Fund	26,587.27	24,895	32,023	33,271
Proprietary Fund	32,088.94	43,952	33,289	33,490
<b>Total Funding Costs</b>	<b>\$809,998.48</b>	<b>\$874,477</b>	<b>\$906,495</b>	<b>\$892,076</b>
Current Level Services	806,352.11	874,477	893,875	879,216
Modified Level Services	3,646.37	0	12,620	12,860
<b>Total Service Costs</b>	<b>\$809,998.48</b>	<b>\$874,477</b>	<b>\$906,495</b>	<b>\$892,076</b>

**Program Description**

The Plant Industry Division administers agricultural programs relating to the production, manufacturing, and marketing of commodities exported from or distributed in the state. The division provides services to industry by: (a) performing professional insect/disease surveys; (b) comprehensive feed mill inspections; (c) issuing official commodity certificates; (d) issuing dealer licenses/permits; (e) registration of products; (f) analytical analyses for bees, etc.; (g) the collection of various assessment fees. Division personnel provide technical/scientific information upon request to the industry and the general public, investigating and resolving consumer complaints ranging from product contamination and quality control to elevator bankruptcies and non-payment for products.

**Budget Issues**

The Plant Industry Division decreased its FTE by 1.51 in FY87 from FY86. This reduction is carried over to FY88 and FY89. A four percent vacancy savings is applied.

Two vehicles in each year of the new biennium are requested. The requested budget also includes replacement of a van in FY88. Total funds necessary: \$29,363 in FY88 and \$18,000 in FY89.

**Modification Requests**

Agriculture Feed Contaminants (AFC) - The objective of this request is to continue a contract which assists the FDA in expanding the surveillance of mineral products and cat foods for heavy metals. Federal funds are utilized.

FY88 = \$9,332

FY89 = \$9,582

Apple Inspector - An additional .19 FTE is requested to inspect apples for federal grading purposes. The funding source is general fund.

FY88 = \$3,288

FY89 = \$3,278

AGRICULTURAL DEVELOPMENT  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	9.70	9.00	10.67	10.67
Personal Services	196,881.21	226,708	254,936	255,047
Operating Expenses	149,013.02	105,585	276,692	279,793
Equipment	911.05	398	0	0
Grants	13,059.19	16,000	18,000	18,000
<b>Total Program Costs</b>	<b>\$359,864.47</b>	<b>\$348,691</b>	<b>\$549,628</b>	<b>\$552,840</b>
General Fund	137,100.87	101,617	395,745	388,806
State Special Revenue Fund	13,192.62	36,083	42,330	42,472
Federal & Other Spec Rev Fund	104,154.03	43,728	40,300	45,300
Proprietary Fund	45,240.26	100,337	0	0
Expendable Trust Fund	60,176.69	66,926	71,253	76,262
<b>Total Funding Costs</b>	<b>\$359,864.47</b>	<b>\$348,691</b>	<b>\$549,628</b>	<b>\$552,840</b>
Current Level Services	338,729.48	348,691	256,916	260,228
Modified Level Services	21,134.99	0	292,712	292,612
<b>Total Service Costs</b>	<b>\$359,864.47</b>	<b>\$348,691</b>	<b>\$549,628</b>	<b>\$552,840</b>

**Program Description**

The Agricultural Development Division is composed of the Rural Development Unit, Agricultural Statistics Service,

Marketing Unit, Agricultural Counseling and Mediation Program and the Beginning Farmers Loan Program; and provides administrative support to the Alfalfa Seed Committee.

These programs provide agricultural loans to low income rural Montanans, collect and publish statistics relating to the production and marketing of crops and livestock, assist producers and industries in finding means to market their products, provide peer counseling, financial consulting and mediation services, and provide beginning farmers loans.

#### Budget Issues

The Budget reflects a decrease of .70 FTE from FY86 to FY87. However, the program requests an increase of .97 FTE in FY88 and in FY89 from the FY86 level.

The recommended budget for FY89 includes an increase of \$6,437 for costs associated with attendance at the National Association of State Departments of Agriculture Trade Show, and with hosting the National Association of Marketing Officials Conference.

The work study contracts are requested to increase \$1,500 in FY88 and \$3,900 in FY89 from FY86 level. This increase is due to the large workload associated with rural development portfolio loans.

The recommended budget requests that language be included in the appropriations bill to allow agriculture loan authority in the amount of \$197,294 for the biennium.

#### Modification Requests

Agricultural Assistance - This program would fund the continuation of the Agricultural Assistance Program, established at the June 1986 Special Session. General Fund is utilized to add 3.00 FTE and program expenses.

FY88 = \$292,697

FY89 = \$292,597

#### DEPARTMENT OF INSTITUTIONS YEARLY AVERAGE DAILY POPULATION TRENDS

AGENCY/PROGRAM	FIVE YEAR TREND					FY87 BUDGETED AND FY88-FY89 RECOMMENDED		
						FY87 BUD.	FY88 REC.	FY89 REC.
CORRECTIONS DIV	FY82	FY83	FY84	FY85	FY86	FY87 BUD.	FY88 REC.	FY89 REC.
MT.STATE PRISON	698	744	740	802	907	800	968	990
PINE HILLS SCHOOL	91	99	88	99	120	88	130	130
MOUNTAIN VIEW SCH.	34	36	39	48	56	45	70	70
WOMEN'S CORR. CENTER	2	20	17	25	30	25	40	40
SWAN RIVER FOR. CAMP	50	52	49	47	51	49	51	51
MENTAL HEALTH DIV.	FY82	FY83	FY84	FY85	FY86	FY87 BUD.	FY88 REC.	FY89 REC.
MT.VETERAN'S HOME	114	116	118	126	125	136	125	125
EASTMONT HUM.SERVS.	53	51	54	53	53	55	53	53
CENTER FOR AGED	186	181	176	175	171	171	171	171
MT.DEVELOPMENTAL CTR	218	223	202	203	202	204	202	202
MT. STATE HOSPITAL	558	687	574	501	473	493	473	473

Because of the increases of population, the department has had little or no flexibility within their operational budgets to cover unfunded pay plan or budget reductions. Consequently, the department had to meet most of these fiscal constraints in the personal services area - either by holding positions vacant for longer periods or by eliminating posi-

#### DEPARTMENT OF INSTITUTIONS

The Department of Institutions consists of the Director's Office, four divisions in the Central Office, and the various institutions located throughout the state. The Director's program, the Management Services Division, the Alcohol and Drug Abuse Division, the Corrections Division, and the Mental Health and Residential Services Division are all headquartered in Helena and are presented separately in this budget recommendation.

The Executive Budget recommends continuation of the language in the General Appropriations Act adopted by the 49th Legislature which authorizes program transfers in excess of 5% between the various agencies within the Corrections Division and the Mental Health Division. The department has experienced the challenge of trying to operate the institutions effectively in spite of rising average daily populations. The ability to transfer funds has proven invaluable in these efforts.

Increases in average daily population have been experienced primarily by the agencies included within the Corrections Division. The Executive Budget includes current level adjustments for the costs associated with providing essential services to the increased population. The following table shows a five-year trend of populations at these facilities. It also includes the budgeted population for FY87 and the projected populations for the 1989 biennium. The only increase in the Mental Health Division was in the Montana Veterans' Home due to the opening on a new wing of the facility in the latter part of FY84.

tions. Higher worker compensation rates have further compounded the problem. Therefore, many of the current level budget requests show increased personal services cost in the 1989 biennium, even though fewer positions are actually recommended.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	170.50	169.50	150.50	150.50
Personal Services	4,041,994.37	4,129,706	3,856,807	3,860,974
Operating Expenses	3,132,464.33	1,981,348	3,285,107	3,269,879
Equipment	16,081.56	4,753	29,268	28,510
Local Assistance	1,574,708.00	0	0	0
Grants	6,452,725.06	7,576,027	6,175,202	6,175,202
Debt Service	65,938.72	0	65,386	17,147
<b>Total Agency Costs</b>	<b>\$15,283,912.04</b>	<b>\$13,691,834</b>	<b>\$13,411,770</b>	<b>\$13,351,712</b>
General Fund	10,960,489.01	11,038,111	10,883,707	10,845,052
State Special Revenue Fund	1,885,453.63	331,597	344,074	328,371
Federal & Other Spec Rev Fund	2,437,969.40	2,322,126	2,183,989	2,178,289
<b>Total Funding Costs</b>	<b>\$15,283,912.04</b>	<b>\$13,691,834</b>	<b>\$13,411,770</b>	<b>\$13,351,712</b>
Current Level Services	15,283,912.04	13,691,834	13,411,770	13,351,712
<b>Total Service Costs</b>	<b>\$15,283,912.04</b>	<b>\$13,691,834</b>	<b>\$13,411,770</b>	<b>\$13,351,712</b>

### Agency Description

The Department of Institutions is provided for in section 2-15 2301, MCA. Section 53-1-201 defines its purpose:

"The department of institutions shall utilize at maximum efficiency the resources of state government in a coordinated effort to restore the physically or mentally disabled, to rehabilitate the violators of laws, to sustain the vigor and dignity of the aged, to train children of limited mental capacity to their best potential, to rededicate the resources of the state to the productive independence of its now dependent citizens, and to coordinate and apply the principles of modern institutional administration to the institutions of the state."

In carrying out these purposes, the department staff seek to provide care and treatment services of a quality that will guarantee the rights of residents, comply with state and federal standards, and when possible, return residents of the institutions to a normal life in the community. The objectives are to improve the coordination of services provided by institutions through the development of new management techniques and to make management information readily available to the institutions.

The following institutions are in the department: Montana Developmental Center, Center for the Aged, Eastmont Human Services Center, Montana State Prison, Swan River Forest Camp, Montana Veterans' Home, Montana State Hospital and the Women's Correctional Center.

DIRECTOR Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	10.00	10.00	9.00	9.00
Personal Services	339,722.21	525,722	333,537	333,872
Operating Expenses	41,292.02	37,396	42,473	42,997
Equipment	766.20	0	0	0
<b>Total Program Costs</b>	<b>\$381,780.43</b>	<b>\$563,118</b>	<b>\$376,010</b>	<b>\$376,869</b>
General Fund	381,780.43	563,118	376,010	376,869
<b>Total Funding Costs</b>	<b>\$381,780.43</b>	<b>\$563,118</b>	<b>\$376,010</b>	<b>\$376,869</b>
Current Level Services	381,780.43	563,118	376,010	376,869
<b>Total Service Costs</b>	<b>\$381,780.43</b>	<b>\$563,118</b>	<b>\$376,010</b>	<b>\$376,869</b>

### Program Description

The Director's Program staff are responsible for the effective management and planning of the programs of the department's four divisions (Alcohol and Drug Abuse Division, Corrections Division, Management Services Division, and Mental Health and Residential Services Division) and their respective institutions. They also provide administrative support for the Board of Pardons, as well as legal, personnel and labor relations support services for the central office and the institutions.

### Budget Issues

The 49th Legislature authorized an Auditor III position in the director's program to review all departmental fiscal contracts, policies, reimbursements, information systems and revolving operations. This position was not filled throughout the biennium because of difficult fiscal conditions. This position has been deleted in an effort to meet necessary budget reductions within the director's office. The cost of this position would have been \$24,074 in FY88 and \$24,041 in FY89.

A 4% vacancy savings factor has been applied to this program. There are no modified requests proposed in the director's office.

MANAGEMENT SERVICES DIVISION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	30.00	29.00	28.00	28.00
Personal Services	675,302.42	658,861	678,978	679,654
Operating Expenses	140,686.87	195,885	176,562	143,339
Equipment	721.14	1,208	1,050	1,050
Debt Service	62,420.64	0	62,421	15,606
<b>Total Program Costs</b>	<b>\$879,131.07</b>	<b>\$855,954</b>	<b>\$919,011</b>	<b>\$839,649</b>
General Fund	875,932.83	855,954	912,492	839,649
State Special Revenue Fund	42.15	0	819	0
Federal & Other Spec Rev Fund	3,156.09	0	5,700	0
<b>Total Funding Costs</b>	<b>\$879,131.07</b>	<b>\$855,954</b>	<b>\$919,011</b>	<b>\$839,649</b>
Current Level Services	879,131.07	855,954	919,011	839,649
<b>Total Service Costs</b>	<b>\$879,131.07</b>	<b>\$855,954</b>	<b>\$919,011</b>	<b>\$839,649</b>

**Program Description**

The staff of the Management Services Division is responsible for the department's budgeting and accounting services, reimbursement services and data processing services. The division also provides technical assistance to all institutions in budgeting, accounting, and other management areas. The division bills and collect the various types of revenue generated by the department, to include Medicaid, Medicare, Insurance, private and VA. In addition, the division operates its own computer main frame, with remote locations at all institutions and P&P offices.

**Budget Issues**

In order to meet necessary budget reductions, the agency deleted a Trust Officer position and a Financial Investigator

position from their base budget. These 2.00 FTE are not requested in the 1989 biennium. The combined annual costs of these positions is \$46,955.

Additional audit and insurance costs have increased the contracted services portion of this budget. The associated costs of installing a new telephone system accounts for increased costs in communications.

The Accounting Division of the Department of Administration has requested the Management Services Division to account for the purchase of its computer mainframe system under debt services. This system will be paid for in the 1989 biennium.

ALCOHOL & DRUG ABUSE DIVISION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	10.00	10.00	9.00	9.00
Personal Services	261,584.47	264,748	256,906	257,235
Operating Expenses	106,046.11	95,290	104,838	89,625
Equipment	3,562.22	2,863	3,000	3,000
Local Assistance	1,574,708.00	0	0	0
Grants	1,239,715.00	1,261,309	1,133,024	1,133,024
<b>Total Program Costs</b>	<b>\$3,185,615.80</b>	<b>\$1,624,210</b>	<b>\$1,497,768</b>	<b>\$1,482,884</b>
General Fund	215,200.00	208,612	215,200	215,200
State Special Revenue Fund	1,885,236.51	331,347	342,255	327,371
Federal & Other Spec Rev Fund	1,085,179.29	1,084,251	940,313	940,313
<b>Total Funding Costs</b>	<b>\$3,185,615.80</b>	<b>\$1,624,210</b>	<b>\$1,497,768</b>	<b>\$1,482,884</b>
Current Level Services	3,185,615.80	1,624,210	1,497,768	1,482,884
<b>Total Service Costs</b>	<b>\$3,185,615.80</b>	<b>\$1,624,210</b>	<b>\$1,497,768</b>	<b>\$1,482,884</b>

**Program Description**

Under the authority delegated from the Director and described in Title 53, Chapter 24, MCA, the Alcohol and Drug Abuse Division is responsible to ensure that the appropriate resources of this State are focused fully and effectively upon the problems of chemical dependency and utilized in implementing programs for the control, prevention and treatment of these problems. The Division's specific duties include: Evaluating and approving chemical dependency treatment

and education programs; Preparing long-term Comprehensive Chemical Dependency State Plans and Updates; Reviewing and approving County Chemical Dependency Plans; Distributing State and federal funds in accordance with 53-24-206 MCA; Establishing standards for the certification of chemical dependency counselors and educators; provide for the training of program personnel delivering services to chemical dependent persons; Establishing criteria for the development of new chemical dependency programs;

Ensure the greatest utilization of funds by discouraging duplication of services and encouraging efficiency of services; and cooperating with the Board of Pardons in establishing and conducting programs to provide treatment for chemically dependent and intoxicated persons in or on parole from penal institutions.

#### Budget Issues

In order to make necessary budget reductions, an Administrative Officer (1.00 FTE) was eliminated from this program. The position was funded from state special revenue funds and cost \$26,000 per year.

The majority of the state community approved programs are funded by the alcohol earmarked tax and federal block grant

funds. The earmarked alcohol tax is tied directly to the volume of alcoholic beverages sold in the state and is distributed to the counties based on 85% county population and 15% county land area in comparison to the total state population and area. Federal block grant funds are awarded to local programs on a competitive contract basis. It is possible that additional block grant funds will be available. These additional funds will be presented to the legislature as official notification is received.

The reduction in state special revenue from FY86 actual and requested FY88 and FY89 is the amount of alcohol funds which are statutorily appropriated for the counties.

CORRECTIONS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	91.50	91.50	75.50	75.50
Personal Services	2,103,007.10	2,037,162	1,859,053	1,859,669
Operating Expenses	1,747,896.67	760,090	1,768,575	1,780,399
Equipment	10,555.80	0	22,000	23,000
Grants	0.00	1,120,000	0	0
Debt Service	2,727.28	0	2,965	1,541
<b>Total Program Costs</b>	<b>\$3,864,186.85</b>	<b>\$3,917,252</b>	<b>\$3,652,593</b>	<b>\$3,664,609</b>
General Fund	3,860,797.96	3,914,303	3,648,793	3,660,809
State Special Revenue Fund	174.97	250	1,000	1,000
Federal & Other Spec Rev Fund	3,213.92	2,699	2,800	2,800
<b>Total Funding Costs</b>	<b>\$3,864,186.85</b>	<b>\$3,917,252</b>	<b>\$3,652,593</b>	<b>\$3,664,609</b>
Current Level Services	3,864,186.85	3,917,252	3,652,593	3,664,609
<b>Total Service Costs</b>	<b>\$3,864,186.85</b>	<b>\$3,917,252</b>	<b>\$3,652,593</b>	<b>\$3,664,609</b>

#### Program Description

The Corrections Division exists to develop and administer an integrated corrections program for adults and youths. Special emphasis is placed upon community supervision whenever possible and providing individualized treatment for each offender requiring institutionalization. For those incarcerated, adequate security must be maintained to protect the offender and prevent further transgressions against the public. The program staff provide leadership, direction and support for both line and staff operations. They assist in developing a continuum of correctional programs which place the individual in the least restrictive setting consistent with good judgment. Specific programs within the Corrections Division include the following:

**Pre Release Centers** - The Department operated facilities in Billings and Missoula which provide pre-release alternatives to prison for male and female offenders. These centers provide educational and work opportunities while also providing close supervision of the offenders. The Billings program houses up to 12 female offenders while the Missoula program can accommodate 24 male offenders.

The Corrections Division also contracts with non-profit corporations for pre-release services for male and female offenders. Centers are currently operational in Billings, Butte and Great Falls.

**Women's Correctional Facilities** - The Warm Springs facility provides for 40 female offenders.

**Probation and Parole** - The program staff supervise and counsel adult felons upon leaving prison and adults sentenced to probation.

#### Budget Issues

Three clerical positions were reduced from this budget. The 3.00 FTE cost \$50,500.

13.00 FTE and the corresponding personal services costs have been reduced from this budget and placed in the proposed Department of Family Services. This accounts for the decline of FTE from 91.50 to 75.50 from the 1987 biennium to the proposed 1989 biennium budget. A 4% vacancy savings factor is recommended for this division.

There are over \$25,000 in operational base adjustments to cover unfunded pay increases and budget reductions. The grants shown in FY87 are for the contracted pre-release centers. These amounts will be shown in contracted services when FY87 actual expenditures are recorded.

The proposed Department of Family Services contains the operational expenses for the youth After-care Program and the Youth Evaluation Program. The budgets for FY88 and FY89 reflect a transfer of \$275,000 each year to the Department of Family Services for these operational expenses.

Because of the increased prison population and the additional bed space available in the Great Falls, Billings, and Butte contracted pre-release centers, a current level adjustment is recommended in this program to house an additional twenty inmates. This would increase the bed capacity from 25 at each of these centers to 30 in Great Falls, 35 in



Butte, and 30 in Billings. The FY88 and FY89 budgets reflect upward adjustments of approximately \$283,000 each

year to allow for variable cost increases for the additional population.

#### WOMEN'S CORRECTIONAL PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	24.00	24.00	24.00	24.00
Personal Services	490,164.40	469,437	542,787	545,262
Operating Expenses	176,860.50	199,439	223,127	228,894
Equipment	0.00	682	3,218	1,460
Debt Service	790.80	0	0	0
<b>Total Program Costs</b>	<b>\$667,815.70</b>	<b>\$669,558</b>	<b>\$769,132</b>	<b>\$775,616</b>
General Fund	667,815.70	669,558	769,132	775,616
<b>Total Funding Costs</b>	<b>\$667,815.70</b>	<b>\$669,558</b>	<b>\$769,132</b>	<b>\$775,616</b>
Current Level Services	667,815.70	669,558	769,132	775,616
<b>Total Service Costs</b>	<b>\$667,815.70</b>	<b>\$669,558</b>	<b>\$769,132</b>	<b>\$775,616</b>

#### Program Description

The Women's Correctional Program contains various elements for housing and treating female offenders in the State of Montana. The major component of the program is the Women's Corrections Center located on the Montana State Hospital campus. This facility began operations in FY82, and can house forty female offenders. Its staff provide work, education, and recreational services to the inmates. Also included in this program are services at the Billings' Life Skills Center, and out-of-state and in-state placements.

#### Budget Issues

Population Increase: During the 1987 biennium, the Women's Correction Center was budgeted for an average daily population (ADP) of 25 offenders. The actual combined ADP for FY86 was 30.05. By August 1986 the ADP had risen to 37.2. The recommended budget includes a base adjustment of \$23,781 of variable costs each year of the 1989 biennium. This provides for an anticipated ADP of 40 offenders.

A 4% vacancy savings factor has been applied to this program.

#### CORRECTION'S MEDICAL BUDGET Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	848,214.21	626,172	912,229	928,572
<b>Total Program Costs</b>	<b>\$848,214.21</b>	<b>\$626,172</b>	<b>\$912,229</b>	<b>\$928,572</b>
General Fund	848,214.21	626,172	912,229	928,572
<b>Total Funding Costs</b>	<b>\$848,214.21</b>	<b>\$626,172</b>	<b>\$912,229</b>	<b>\$928,572</b>
Current Level Services	848,214.21	626,172	912,229	928,572
<b>Total Service Costs</b>	<b>\$848,214.21</b>	<b>\$626,172</b>	<b>\$912,229</b>	<b>\$928,572</b>

#### Program Description

The Correctional Medical Program reflects the centralization of medical, optometry, dental, lab and security costs previously budgeted in other correctional programs. Due to the constant movement of individuals through the corrections system, a flexible method to address health needs is required. This budget structure provides the flexibility needed to cover these costs for the Montana State Prison, the Swan River Forest Camp, the Women's Correction Program, Mountain View School, Pine Hills School, the juvenile after-care programs, and the five adult pre release centers.

#### Budget Issues

The corrections medical budget contains a base adjustment for average daily population (ADP) increases at Mountain View School, Pine Hills School, the Women's Correction Center, and the Montana State Prison. The total adjustment is \$61,668 in FY88 and \$78,011 in FY89. The Mountain View and Pine Hills portion of this adjustment has been reduced from this budget and placed in the proposed Family Services Department. This amounts to \$5,521 each year for the increased population at these two institutions.

The entire current level portion for the normal medical expenses for Mountain View and Pine Hills has been reduced from this budget and placed in the proposed Family Services Department.

This is a reduction of \$62,248 in FY88 and FY89.

It is anticipated that the average daily population will increase as follows:

Institution	FY86 ADP	Est. FY88	Est. FY89
Mt. View	55.64	70	70
Pine Hills	119.99	130	130
Women Corr.	30.05	40	40
Prison	907.18	968	990

The rising costs of medical services combined with the rising populations at the institutions has caused a serious problem which hopefully warrants favorable consideration by the legislature.

## DEPARTMENT OF INSTITUTIONS

MH & RES. SERVICES ADMIN.  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	5.00	5.00	5.00	5.00
Personal Services	172,213.77	173,776	185,546	185,282
Operating Expenses	71,467.95	67,076	57,303	56,053
Equipment	476.20	0	0	0
Grants	5,213,010.06	5,194,718	5,042,178	5,042,178
<b>Total Program Costs</b>	<b>\$5,457,167.98</b>	<b>\$5,435,570</b>	<b>\$5,285,027</b>	<b>\$5,283,513</b>
General Fund	4,110,747.88	4,200,394	4,049,851	4,048,337
Federal & Other Spec Rev Fund	1,346,420.10	1,235,176	1,235,176	1,235,176
<b>Total Funding Costs</b>	<b>\$5,457,167.98</b>	<b>\$5,435,570</b>	<b>\$5,285,027</b>	<b>\$5,283,513</b>
Current Level Services	5,457,167.98	5,435,570	5,285,027	5,283,513
<b>Total Service Costs</b>	<b>\$5,457,167.98</b>	<b>\$5,435,570</b>	<b>\$5,285,027</b>	<b>\$5,283,513</b>

**Program Description**

The staff of the Mental Health and Residential Services Division provides administrative leadership and coordination for a wide range of human service programs. These include the institutional and community programs for the mentally ill, institutional programs for the developmentally disabled, residential nursing home programs for veterans and elderly persons with chronic mental disorders. It is the responsibility of the Mental Health and Residential Services Division to provide management, planning and evaluation in support of these programs.

In accordance with section 53-21-203, MCA, the Department of Institutions assures that appropriate and accessible

community based mental health services are provided through contracts between the Department of Institutions and the five private, non profit regional community mental health centers (CMHCs). The CMHCs provide inpatient, emergency, transitional, day treatment, outpatient, and prevention services to approximately 13,500 Montanans each year.

**Budget Issues**

This program has been reduced by \$71,887 through base adjustments between FY86, FY88 and FY89.

The reduction in federal funds from FY86 to FY87 reflects block grant carry over money which is not available in FY88 or FY89.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	456.40	443.15	430.65	430.65
Personal Services	9,139,174.29	9,349,253	9,974,774	10,102,991
Operating Expenses	1,621,304.84	1,761,645	1,686,970	1,717,855
Equipment	15,747.82	0	20,000	20,000
Benefits and Claims	2,530.00	0	0	0
<b>Total Agency Costs</b>	<b>\$10,778,756.95</b>	<b>\$11,110,898</b>	<b>\$11,681,744</b>	<b>\$11,840,846</b>
General Fund	10,711,415.75	11,046,061	11,626,582	11,783,961
State Special Revenue Fund	28,607.96	20,324	12,501	12,501
Federal & Other Spec Rev Fund	38,733.24	44,513	42,661	44,384
<b>Total Funding Costs</b>	<b>\$10,778,756.95</b>	<b>\$11,110,898</b>	<b>\$11,681,744</b>	<b>\$11,840,846</b>
Current Level Services	10,778,756.95	11,110,898	11,681,744	11,840,846
<b>Total Service Costs</b>	<b>\$10,778,756.95</b>	<b>\$11,110,898</b>	<b>\$11,681,744</b>	<b>\$11,840,846</b>

**Agency Description**

The purpose of the Montana Developmental Center is to provide treatment and habilitation suited to the needs of the profoundly mentally retarded individual, and to assure that such treatment and habilitation is skillfully and humanely administered with full respect for the person's dignity and personal integrity, and in the least restrictive and most appropriate environment. Admission procedures and basic guidelines for care, treatment, and training of the residents are found in Title 53, Chapter 20, MCA.

**Budget Issues**

The Montana Developmental Center was budgeted for 440.40 FTE in FY86 and 440.15 FTE in FY87. There were 16.00 current level FTE added to FY86 and FY87 to adhere to the recommendations of a federal Health Care Finance Administration (HCFA) survey team. This was done so the agency could maintain ICF/MR certification requirements. It is imperative to maintain certification for reimbursement of federal funds. This action brought the FTE level to 456.40 in FY86 and 456.15 FTE in FY87. Because of bud-

get reductions, 13.00 non-direct care FTE were deleted in FY87. Thus, 443.15 FTE are shown in FY87. The cost of the additional FTE was absorbed within the agency's existing budget.

A total of 12.50 FTE was reduced to cover unfunded pay increases and budget reductions. These reductions save roughly \$290,000 in personal services. Approximately \$55,000 has been reduced in overtime costs from the FY86 actual base to the FY88 and FY89 recommended level.

A 4% vacancy savings is recommended for this agency.

Over \$5,000 was reduced from the operations base to meet the legislatively approved budget level from the June 1986 Special Session. The increase in operations can be largely attributed to rising food expenses. The USDA will not allow providing employee meals with their commodities. This results in an increase of \$11,580 in FY88 and \$11,189 in FY89 for employee meals.

Equipment is recommended at \$20,000 for each year of the 1989 biennium and is to be used at the discretion of management.

SERVICE & SUPPORT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	456.40	443.15	430.65	430.65
Personal Services	9,139,174.29	9,349,253	9,974,774	10,102,991
Operating Expenses	1,621,304.84	1,761,645	1,686,970	1,717,855
Equipment	15,747.82	0	20,000	20,000
Benefits and Claims	2,530.00	0	0	0
<b>Total Program Costs</b>	<b>\$10,778,756.95</b>	<b>\$11,110,898</b>	<b>\$11,681,744</b>	<b>\$11,840,846</b>
General Fund	10,711,415.75	11,046,061	11,626,582	11,783,961
State Special Revenue Fund	28,607.96	20,324	12,501	12,501
Federal & Other Spec Rev Fund	38,733.24	44,513	42,661	44,384
<b>Total Funding Costs</b>	<b>\$10,778,756.95</b>	<b>\$11,110,898</b>	<b>\$11,681,744</b>	<b>\$11,840,846</b>
Current Level Services	10,778,756.95	11,110,898	11,681,744	11,840,846
<b>Total Service Costs</b>	<b>\$10,778,756.95</b>	<b>\$11,110,898</b>	<b>\$11,681,744</b>	<b>\$11,840,846</b>

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	100.24	100.24	98.84	98.84
Personal Services	2,011,976.35	1,964,264	2,146,198	2,137,965
Operating Expenses	487,015.99	542,025	511,840	522,192
Equipment	2,254.18	610	8,522	14,346
<b>Total Agency Costs</b>	<b>\$2,501,246.52</b>	<b>\$2,506,899</b>	<b>\$2,666,560</b>	<b>\$2,674,503</b>
General Fund	2,497,287.26	2,499,164	2,656,825	2,664,768
State Special Revenue Fund	3,959.26	7,735	9,735	9,735
<b>Total Funding Costs</b>	<b>\$2,501,246.52</b>	<b>\$2,506,899</b>	<b>\$2,666,560</b>	<b>\$2,674,503</b>
Current Level Services	2,501,246.52	2,506,899	2,666,560	2,674,503
<b>Total Service Costs</b>	<b>\$2,501,246.52</b>	<b>\$2,506,899</b>	<b>\$2,666,560</b>	<b>\$2,674,503</b>

**Agency Description**

The staff of the Center for the Aged offers long-term care for persons fifty-five years of age or older who have chronic mental disorders. The staff provides nursing care and recreational activities with full respect for the dignity and integrity of the residents. The admission procedures and basic guidelines for the care of the residents are found in 53-21-411 through 53-21-413 MCA.

**Budget Issues**

There are 1.40 FTE deleted in this agency to offset the unfunded pay plan increases.

A 4% vacancy savings is recommended for this agency.

Approximately \$29,000 is reduced from the budget base in contracted services because of the elimination of a laundry contract. A new laundry has been built at this institution. The increased costs of operating this laundry are included in the recommended budget. Audit fees are included in the FY88 budget. Inflation for food, medical supplies and utilities also increase the recommended budget.

The equipment recommendation is for a century tub, commodes, carts necessary for the new laundry, and one vehicle.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	93.02	93.02	90.52	90.52
Personal Services	1,737,472.81	1,741,260	1,875,439	1,888,344
Operating Expenses	349,988.38	340,664	327,321	322,517
Equipment	0.00	548	7,207	0
<b>Total Agency Costs</b>	<b>\$2,087,461.19</b>	<b>\$2,082,472</b>	<b>\$2,209,967</b>	<b>\$2,210,861</b>
General Fund	2,084,528.55	2,079,472	2,205,967	2,206,861
State Special Revenue Fund	2,932.64	3,000	4,000	4,000
<b>Total Funding Costs</b>	<b>\$2,087,461.19</b>	<b>\$2,082,472</b>	<b>\$2,209,967</b>	<b>\$2,210,861</b>
Current Level Services	2,087,461.19	2,082,472	2,209,967	2,210,861
<b>Total Service Costs</b>	<b>\$2,087,461.19</b>	<b>\$2,082,472</b>	<b>\$2,209,967</b>	<b>\$2,210,861</b>

### Agency Description

The Eastmont Human Services Center provides a seven-day intermediate nursing care and training program for mentally retarded persons. The staff at the center offers instruction in academics, home living, recreation and physical education, speech, pre-vocational skills, self-help, and socialization. The center's goal is to maintain and improve these residents' skills to enable them to function in the community. To achieve this objective, the staff at Eastmont emphasizes cooperation with community groups and agencies and the education of the public regarding developmental disabilities and mental retardation. This facility is provided for in 53-20-502, MCA.

### Budget Issues

The deletion of 2.50 FTE is recommended in order to meet the budget reductions established by the June 1986 Special

Session of the legislature. This action will save roughly \$42,000 each year.

A 4% vacancy savings factor has been applied to this agency.

The agency reduced over \$43,000 from their base operational budget because of the completion of structural renovations required to maintain federal standards after a Health Care Financing Administration (HCFA) survey in FY86.

The additional contracted services in FY88 is primarily due to audit fees and an increase in the laundry contract. Inflationary adjustment accounts for most of the increase in supplies and materials.

The recommended equipment is primarily to meet the needs of the residents. Specifically, this equipment includes a prone stander, a geriatric recliner, dining room chairs and drapes.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	69.65	64.49	.00	.00
Personal Services	1,453,932.91	1,368,861	0	0
Operating Expenses	250,647.77	238,027	0	0
Equipment	1,337.04	2,789	0	0
Capital Outlay	63,200.00	0	0	0
<b>Total Agency Costs</b>	<b>\$1,769,117.72</b>	<b>\$1,609,677</b>	<b>\$0</b>	<b>\$0</b>
General Fund	1,661,606.49	1,541,345	0	0
State Special Revenue Fund	1,715.13	2,000	0	0
Federal & Other Spec Rev Fund	105,796.10	66,332	0	0
<b>Total Funding Costs</b>	<b>\$1,769,117.72</b>	<b>\$1,609,677</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	1,765,564.62	1,609,677	0	0
Modified Level Services	3,553.10	0	0	0
<b>Total Service Costs</b>	<b>\$1,769,117.72</b>	<b>\$1,609,677</b>	<b>\$0</b>	<b>\$0</b>

**Agency Description**

The staff at Mountain View School has the responsibility to properly diagnose, care for, train, educate, and rehabilitate female youth between the ages of 10 and 21 years who have been committed by the courts. A 45-day evaluation program is provided. Each youth is provided with an individualized education program, as well as diagnostic and treatment services. The facility is provided for in 53-30-202, MCA.

**Policy Issues**

The Executive Budget recommends the establishment of a new Department of Family Services. Mountain View School is a recommended part of the new department.

This budget section contains information on the current biennium's budget. For the proposed FY88 and FY89 budgets, please refer to the section dealing with the new Department of Family Services.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	116.97	116.97	.00	.00
Personal Services	2,568,573.08	2,599,678	0	0
Operating Expenses	596,598.53	638,744	0	0
Equipment	14,517.06	0	0	0
<b>Total Agency Costs</b>	<b>\$3,179,688.67</b>	<b>\$3,238,422</b>	<b>\$0</b>	<b>\$0</b>
General Fund	2,594,333.63	2,707,216	0	0
State Special Revenue Fund	45,569.12	42,015	0	0
Federal & Other Spec Rev Fund	539,785.92	489,191	0	0
<b>Total Funding Costs</b>	<b>\$3,179,688.67</b>	<b>\$3,238,422</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	3,173,914.24	3,238,422	0	0
Modified Level Services	5,774.43	0	0	0
<b>Total Service Costs</b>	<b>\$3,179,688.67</b>	<b>\$3,238,422</b>	<b>\$0</b>	<b>\$0</b>

#### Agency Description

The staff at Pine Hills School provides residential services for male youth between the ages of 10 and 21 years who have demonstrated a need for intensive correctional attention. The institution's programs address statutory demands to properly diagnose, care for, train, educate, and rehabilitate children in need of these services. The staff also provides 45-day evaluation for boys referred by the youth courts. The primary mission of the school is to address these needs in the most effective and expeditious manner in an

effort to return the student to a non institutional environment. The facility is provided for in 53 30-202 MCA.

#### Policy Issues

The Executive Budget recommends the establishment of a new Department of Family Services. Pine Hills School is a recommended part of the new department.

This budget section provides information on the current biennium's budget. For the proposed FY88 and FY89 budgets, please refer to the section dealing with the new Department of Family Services.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	365.28	404.53	406.06	406.06
Personal Services	8,460,551.15	9,584,310	10,515,359	10,626,161
Operating Expenses	4,710,296.07	4,751,331	5,256,542	5,534,923
Equipment	63,802.77	713,850	105,850	121,854
<b>Total Agency Costs</b>	<b>\$13,234,649.99</b>	<b>\$15,049,491</b>	<b>\$15,877,751</b>	<b>\$16,282,938</b>
General Fund	10,410,158.62	11,792,935	12,756,670	12,963,206
State Special Revenue Fund	786,089.62	780,201	1,035,720	1,124,809
Federal & Other Spec Rev Fund	125,541.38	91,292	119,851	120,047
Proprietary Fund	1,912,860.37	2,385,063	1,965,510	2,074,876
<b>Total Funding Costs</b>	<b>\$13,234,649.99</b>	<b>\$15,049,491</b>	<b>\$15,877,751</b>	<b>\$16,282,938</b>
Current Level Services	13,135,399.94	15,049,491	15,827,593	16,232,388
Modified Level Services	99,250.05	0	50,158	50,550
<b>Total Service Costs</b>	<b>\$13,234,649.99</b>	<b>\$15,049,491</b>	<b>\$15,877,751</b>	<b>\$16,282,938</b>

**Agency Description**

The mission of the Montana State Prison is to provide facilities for the custody, treatment, training and rehabilitation of adult criminal offenders. The Prison staff provides treatment programs to aid rehabilitation including: a program of vocational education, on-the-job training, work experience, sports and hobby programs, music programs, self-help groups and alcohol and drug abuse programs. The Prison

Ranch and Dairy provides produce and dairy products to state institutions and other state agencies. The Prison also operates a plant that produces Montana's license plates. In addition, the Prison Industries Program staff provides vocational training for inmates. An expanded industries training program provides additional training opportunities for inmates. The location and function of the prison is provided for in 53-30-101 MCA.

CARE & CUSTODY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	340.53	379.78	382.31	382.31
Personal Services	7,736,005.98	8,911,672	9,661,740	9,765,265
Operating Expenses	2,663,674.37	2,878,725	3,039,799	3,158,072
Equipment	32,263.27	0	25,000	25,000
<b>Total Program Costs</b>	<b>\$10,431,943.62</b>	<b>\$11,790,397</b>	<b>\$12,726,539</b>	<b>\$12,948,337</b>
General Fund	10,262,152.33	11,647,467	12,580,343	12,802,141
State Special Revenue Fund	51,424.18	51,638	51,424	51,424
Federal & Other Spec Rev Fund	118,367.11	91,292	94,772	94,772
<b>Total Funding Costs</b>	<b>\$10,431,943.62</b>	<b>\$11,790,397</b>	<b>\$12,726,539</b>	<b>\$12,948,337</b>
Current Level Services	10,431,943.62	11,790,397	12,726,539	12,948,337
<b>Total Service Costs</b>	<b>\$10,431,943.62</b>	<b>\$11,790,397</b>	<b>\$12,726,539</b>	<b>\$12,948,337</b>

**Program Description**

The Care and Custody Program staff use the personnel, procedures, and material available to provide maximum control, retention, and protection of prisoners. The prison's administrative, treatment and educational services are budgeted in this program.

**Budget Issues**

In FY86 the Montana State Prison was budgeted for 340.53 FTE. With the new expansion complete, FY87 was budgeted for 379.78 FTE. This budget recommendation is for 382.31 FTE in FY88 and FY89. The difference is accounted for by two actions. First, 3.87 FTE are recommended to be deleted in an effort to meet the budget reductions applied by the June 1986 Special Session. This results in a savings of over \$82,000 each year of the 1989 biennium. Secondly, because of an increase in the average daily population (ADP), an

increase of 6.40 FTE is recommended to handle the increased workload. These additional positions cost roughly \$126,000 each year of the biennium.

The staffing of prison security positions is based upon covering specified posts regardless of any vacancy savings. Also, the ever rising prison population mandates adequate security personnel at all times. The department conducted an analysis of all security personal services at the prison and determined that the FY86 actual rate of vacancy savings was 1.68%. Consequently, a 1.68% vacancy savings is recommended for the security personnel in this program. The remaining personnel in the care and custody program received a 4% vacancy savings factor.

During FY86 the ADP at the Montana State Prison was 907.18. By August of 1986 the ADP had risen to 925. The prison was budgeted for an ADP of 800 for FY86 and



FY87. We are recommending a current level adjustment to provide funding for an ADP of 968 for FY88 and 990 for FY89.

When the staff for the prison expansion was budgeted, management gave up 6.40 FTE in their request in anticipation that one of the cell blocks would no longer be double bunked. The double bunking causes considerably more movement of inmates and requires additional guards. These same positions are included in this request because double bunking is still required even with the completion of the expanded prison.

There are operational adjustments for the variable costs of the additional inmate population. The total cost of the

increased population is roughly \$225,000 in FY88 and \$263,000 in FY89.

The operational budget increases because of the expanded prison. These cost increases are evident in maintenance, training, insurance and bonds, utilities and inflationary adjustments for supplies and materials, and utilities. The additional costs requested for painting and landscaping the expanded prison are not included in this budget recommendation. These costs should be considered with other long range building projects as recommended by the Architecture and Engineering Division.

We recommend \$25,000 in both FY88 and FY89 for the equipment purchases deemed most essential by management.

RANCH & DAIRY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	15.75	15.75	12.75	12.75
Personal Services	378,667.25	426,284	422,916	426,952
Operating Expenses	827,439.20	656,755	604,738	677,263
Equipment	25,072.74	713,850	50,000	50,000
<b>Total Program Costs</b>	<b>\$1,231,179.19</b>	<b>\$1,796,889</b>	<b>\$1,077,654</b>	<b>\$1,154,215</b>
Proprietary Fund	1,231,179.19	1,796,889	1,077,654	1,154,215
<b>Total Funding Costs</b>	<b>\$1,231,179.19</b>	<b>\$1,796,889</b>	<b>\$1,077,654</b>	<b>\$1,154,215</b>
Current Level Services	1,231,179.19	1,796,889	1,077,654	1,154,215
<b>Total Service Costs</b>	<b>\$1,231,179.19</b>	<b>\$1,796,889</b>	<b>\$1,077,654</b>	<b>\$1,154,215</b>

#### Program Description

The Ranch and Dairy Program is a self-sustaining program that provides milk, and other products to the prison and other institutions. The program also provides work experience for the inmates.

#### Budget Issues

The prison ranch and dairy is funded entirely on a revolving basis through a proprietary account. This means the ranch and dairy's continued operation depends upon its ability to generate funds from goods purchased and marketed. The prison ranch program no longer operates a slaughterhouse operation which proved to be too costly. This program also no longer has a contract to cut and wrap USDA surplus

cheese. The major activities of the ranch and dairy continue to operate with very little change.

Position Reductions: The agency has deleted 3.00 FTE from its budget request because of the discontinuation of the slaughterhouse and cheese processing contract. Thus, 12.75 FTE are recommended in this budget.

A 4% vacancy savings factor has been recommended for the ranch and dairy program.

The agency submitted a rather large request for equipment which could only be purchased based upon the profitable operation of the program. This recommendation allows for the purchase of \$50,000 in both FY88 and FY89. This enables the ranch the potential to purchase twice as much equipment as they bought in FY86 actual expenditures.

LICENSE PLATE FACTORY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	67,480.89	51,353	69,827	70,501
Operating Expenses	262,717.51	316,179	384,572	395,418
Equipment	453.16	0	0	0
<b>Total Program Costs</b>	<b>\$330,651.56</b>	<b>\$367,532</b>	<b>\$454,399</b>	<b>\$465,919</b>
State Special Revenue Fund	330,651.56	367,532	454,399	465,919
<b>Total Funding Costs</b>	<b>\$330,651.56</b>	<b>\$367,532</b>	<b>\$454,399</b>	<b>\$465,919</b>
Current Level Services	330,651.56	367,532	454,399	465,919
<b>Total Service Costs</b>	<b>\$330,651.56</b>	<b>\$367,532</b>	<b>\$454,399</b>	<b>\$465,919</b>

#### Program Description

The License Plate Factory Program is responsible for manufacturing all license plates for the State of Montana. The

program provides work experience for inmates at the prison. Funding for this program comes from the Department of

Justice with the on site technical administration and assistance provided by the industries program.

#### Budget Issues

The license plate factory is funded out of state special revenue from motor vehicle funds.

The repair and maintenance budget is necessary because much of the equipment is very old.

A 4% vacancy savings is applied to this budget.

#### PRISON INDUSTRIES REVOLVING AC Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	4.25	4.25	5.25	5.25
Personal Services	169,417.90	112,318	200,371	201,848
Operating Expenses	366,887.18	294,199	453,178	450,535
Equipment	200.00-	0	19,500	46,854
<b>Total Program Costs</b>	<b>\$536,105.08</b>	<b>\$406,517</b>	<b>\$673,049</b>	<b>\$699,237</b>
Proprietary Fund	536,105.08	406,517	673,049	699,237
<b>Total Funding Costs</b>	<b>\$536,105.08</b>	<b>\$406,517</b>	<b>\$673,049</b>	<b>\$699,237</b>
Current Level Services	436,855.03	406,517	647,970	673,962
Modified Level Services	99,250.05	0	25,079	25,275
<b>Total Service Costs</b>	<b>\$536,105.08</b>	<b>\$406,517</b>	<b>\$673,049</b>	<b>\$699,237</b>

#### Program Description

The Prison Industries Program currently provides work experience in the following areas: furniture construction and repair, upholstery, drafting, printing and post-pole manufacturing and logging. Products from the program are currently sold to other governmental entities and non-profit corporations.

The only changes are associated with the very fine new industries building which was completed as part of the prison expansion. There is increased authority recommended in repairs and maintenance, supplies and utilities. The drop in other expenses is because of nonbudgeted depreciation expenses which are not requested in the 1989 biennium.

#### Budget Issues

The prison industries is based totally upon a revolving fund. As they generate their own funds they can perpetuate their operations. This budget request includes enough authority for them to carry out the level of operation they feel they can accomplish in the 1989 biennium.

#### Modification Request

Shop Supervisor - 1.00 FTE is recommended to accommodate the potential production increases of the 1989 biennium. This request is based upon the program's ability to generate the funds for the position.

Cost: FY88 \$25,079      FY89 \$25,275

#### PRISON CANTEEN Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	403,404.13	361,031	529,897	607,466
Equipment	609.75	0	0	0
<b>Total Program Costs</b>	<b>\$404,013.88</b>	<b>\$361,031</b>	<b>\$529,897</b>	<b>\$607,466</b>
State Special Revenue Fund	404,013.88	361,031	529,897	607,466
<b>Total Funding Costs</b>	<b>\$404,013.88</b>	<b>\$361,031</b>	<b>\$529,897</b>	<b>\$607,466</b>
Current Level Services	404,013.88	361,031	529,897	607,466
<b>Total Service Costs</b>	<b>\$404,013.88</b>	<b>\$361,031</b>	<b>\$529,897</b>	<b>\$607,466</b>

#### Program Description

The Prison Canteen Program provides small store services and merchandise for inmates at the Montana State Prison.

of the budget amendment law make it very difficult to budget amend funds if the need arises. These are state special revenues and adequate authority is recommended to avoid problems and to accommodate a much larger prison population.

#### Budget Issues

The current level budget increases significantly to avoid inadequate authority for the prison canteen. The provisions

**PRISON INDUSTRIES TRAINING PGM**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	2.75	2.75	3.75	3.75
Personal Services	108,979.13	82,683	160,505	161,595
Operating Expenses	186,173.68	244,442	244,358	246,169
Equipment	5,603.85	0	11,350	0
<b>Total Program Costs</b>	<b>\$300,756.66</b>	<b>\$327,125</b>	<b>\$416,213</b>	<b>\$407,764</b>
General Fund	148,006.29	145,468	176,327	161,065
Federal & Other Spec Rev Fund	7,174.27	0	25,079	25,275
Proprietary Fund	145,576.10	181,657	214,807	221,424
<b>Total Funding Costs</b>	<b>\$300,756.66</b>	<b>\$327,125</b>	<b>\$416,213</b>	<b>\$407,764</b>
Current Level Services	300,756.66	327,125	391,134	382,489
Modified Level Services	0.00	0	25,079	25,275
<b>Total Service Costs</b>	<b>\$300,756.66</b>	<b>\$327,125</b>	<b>\$416,213</b>	<b>\$407,764</b>

**Program Description**

The Prison Industries Training Program was established by an act passed during the second special session of the 1981 Legislature. This program provides vocational on-the-job training and work experience for prison inmates. The program is limited to providing services and producing equipment only for state agencies, local governments, school districts and governmental entities. The objectives and functions of this program are provided for in 53-30-131 through 53-30-133 MCA.

**Budget Issues**

The second Special Session of the 1981 Legislature directed the Department of Institutions to study and propose an Industries Training Program at the Montana State Prison. A training program was proposed to and approved by the 1983 Legislature.

During FY84 the initial phases of the program began. During FY85 and FY86 the program began implementation of all phases. At FY86 year end the new vocational training building was completed, equipped and work began.

The budget recommendation for the 1989 biennium increases over the FY86 current level by \$90,378 in FY88

and \$81,733 in FY89 to reflect full operation of the industries training program. There is an increase in utilities of \$29,085 each year over the current level. This reflects the additional utility cost for the new industries program.

The decrease in contracted services is due to a horticulturist position that was in contracted services but is now reflected in the current level budget as a .75 FTE.

This program is not intended to be self supporting because of its emphasis on training as stated in section 53-30-133, MCA. The majority of the increased cost for the full operation of this program is in proprietary funds. The level of general fund support is at the same proportional level to other funds as was budgeted in the 1985 and 1987 bienniums. The general fund supports personal services and some of the operational costs.

**Modification Requests**

Career Counseling Service - 1.00 FTE - The Office of Public Instruction has received federal grant funds for career counseling in the Prison Industries Program. This is a request to budget for these funds as they are available in FY88 and FY89.

Cost: FY88 = \$25,079      FY89 = \$25,275

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	26.83	25.83	25.83	25.83
Personal Services	666,525.64	645,852	648,927	652,536
Operating Expenses	267,322.48	282,104	298,152	297,816
Equipment	13,228.94	3,650	7,851	1,850
<b>Total Agency Costs</b>	<b>\$947,077.06</b>	<b>\$931,606</b>	<b>\$954,930</b>	<b>\$952,202</b>
General Fund	829,228.24	817,362	837,161	834,171
State Special Revenue Fund	79,010.99	74,794	86,383	86,617
Federal & Other Spec Rev Fund	38,837.83	39,450	31,386	31,414
<b>Total Funding Costs</b>	<b>\$947,077.06</b>	<b>\$931,606</b>	<b>\$954,930</b>	<b>\$952,202</b>
Current Level Services	940,121.23	931,606	951,414	948,686
Modified Level Services	6,955.83	0	3,516	3,516
<b>Total Service Costs</b>	<b>\$947,077.06</b>	<b>\$931,606</b>	<b>\$954,930</b>	<b>\$952,202</b>

#### Agency Description

The Swan River Forest Camp is responsible for developing and maintaining a rehabilitation-oriented program for youthful offenders (ages 18 through 26) committed to its care and custody. The staff works cooperatively with the Division of Forestry, Department of State Lands. The program for these offenders includes fair and humane treatment in a minimally restrictive setting. The staff provides educational opportunities, psychological services, work programs, training in living skills, and realistic planning for each youth's return to the community. This facility is provided for in section 53-30-202, MCA.

#### Budget Issues

In FY86 and FY87 the Swan River Forest Camp was budgeted for 26.83 FTE. In FY86 the superintendent resigned and the business manager became the new superintendent. In an effort to meet the unfunded pay plan and other reductions, the business manager position was deleted. This action saves over \$36,000 in salary and benefits for this position each year.

A 4% vacancy savings has been applied to this agency's budget.

\$5,600 has been eliminated from the base operational budgets to meet the reductions of the June special session.

The majority of the operational increases over FY86 actual are directly associated with Swan River's new sewer treat-

ment plant. The sewer treatment facility is scheduled for completion in January, 1987. The system includes approximately one and one half miles of sewage line, a sewage pumping station, settling pond, aeration system, effluent sprinkling lines, pump and sprinkler heads. The repair and maintenance budget increases by \$10,000 each year for the ongoing maintenance of this system.

The increase in contracted services is primarily due to audit fees and insurance and bonds.

The increase in utilities results from the additional cost of operating the sewer treatment plant and inflationary adjustments.

The goods purchased for resale increases to provide adequate state special revenue authority for the operation of the canteen.

#### Modification Request

Contract Improvement Funds - Authority is recommended for the agency to expend federal contract improvement funds earned prior to FY82 but unexpended. These funds were provided to Swan River through formal contract with the Federal Bureau of Prisons in addition to daily per diem rate of reimbursement. These funds will be used for staff training, resident recreational equipment and supplies. The request is for \$3,516 each year of the 1989 biennium.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	74.50	74.50	70.80	70.80
Personal Services	1,346,154.90	1,365,213	1,460,599	1,473,594
Operating Expenses	478,166.73	521,777	490,797	503,129
Equipment	0.00	11,843	11,596	0
<b>Total Agency Costs</b>	<b>\$1,824,321.63</b>	<b>\$1,898,833</b>	<b>\$1,962,992</b>	<b>\$1,976,723</b>
General Fund	441,336.40	484,554	565,551	579,282
State Special Revenue Fund	15,337.71	20,764	20,764	20,764
Federal & Other Spec Rev Fund	1,367,647.52	1,393,515	1,376,677	1,376,677
<b>Total Funding Costs</b>	<b>\$1,824,321.63</b>	<b>\$1,898,833</b>	<b>\$1,962,992</b>	<b>\$1,976,723</b>
Current Level Services	1,824,321.63	1,898,833	1,962,992	1,976,723
<b>Total Service Costs</b>	<b>\$1,824,321.63</b>	<b>\$1,898,833</b>	<b>\$1,962,992</b>	<b>\$1,976,723</b>

### Agency Description

The Veterans' Home provides a home for qualified veterans, and in some instances, for spouses of eligible veterans. In addition to the domiciliary, there is extended care available for those requiring nursing care. This facility is provided for in 10-2-401 through 10-2-404, MCA.

### Budget Issues

The Montana Veterans' home is budgeted for an average daily population of 125 residents. Sixty-five of these residents are in domiciliary care and sixty are in nursing.

The personal services recommendation reflects the elimination of 3.70 FTE to make the necessary adjustments to achieve base reductions in accordance with the June 1986 Special Session actions. This is a base reduction of approximately \$73,000 each year of the 1989 biennium.

On July 8, 1986, the Board of Personnel Appeals upgraded twenty nurse positions in settlement of group classification appeals. The general fund impact of upgrading these positions is \$29,384 in FY88 and \$27,457 in FY89.

A 4% vacancy savings has been applied to this agency.

The increase in operational budgets over the current level reflects additional insurance and bond costs, audit fees, utilities for two new boilers, and inflationary adjustments for supplies and materials.

The decrease in the repair and maintenance budget results from lower anticipated repair costs due to installation of two small boilers at the facility.

The 1985 legislature approved the purchase of a vehicle for the transportation of residents. Because of budget reductions the agency was not able to obtain one. The Executive Budget recommends purchase of the vehicle in FY88.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	701.20	701.20	706.55	721.50
Personal Services	16,344,283.64	16,471,847	18,039,573	18,243,329
Operating Expenses	2,923,731.23	3,088,376	3,209,005	3,291,480
Equipment	55,213.84	0	30,000	30,000
<b>Total Agency Costs</b>	<b>\$19,323,228.71</b>	<b>\$19,560,223</b>	<b>\$21,278,578</b>	<b>\$21,564,809</b>
General Fund	17,596,933.03	17,841,512	19,543,442	19,840,723
State Special Revenue Fund	1,720,309.91	1,713,608	1,731,361	1,720,311
Federal & Other Spec Rev Fund	5,985.77	5,103	3,775	3,775
<b>Total Funding Costs</b>	<b>\$19,323,228.71</b>	<b>\$19,560,223</b>	<b>\$21,278,578</b>	<b>\$21,564,809</b>
Current Level Services	19,321,018.00	19,560,223	20,911,504	20,891,793
Modified Level Services	2,210.71	0	367,074	673,016
<b>Total Service Costs</b>	<b>\$19,323,228.71</b>	<b>\$19,560,223</b>	<b>\$21,278,578</b>	<b>\$21,564,809</b>

### Agency Description

The Montana State Hospital performs three treatment functions: 1) psychiatric care and treatment on the Warm Springs campus, 2) medical care on the Galen campus and 3) chemical dependency rehabilitative care on the Galen campus. The psychiatric program serves mentally ill persons who cannot be appropriately treated in community programs. The medical care unit provides hospital and long term care for Montana State Hospital patients who have serious medical conditions and also provides detoxification for chemically dependent admissions. The chemical dependency unit provides a 28-day alcoholism rehabilitation program and a long term program for individuals with other drug dependencies.

### Budget Issues

The Montana State Hospital current level budget is reduced by 9.6 FTE to cover pay plan increases. Eliminating these positions saves \$246,000. Also, \$14,500 was reduced from the operational base to cover pay plan costs. These reductions are an effort to stay within expenditure levels set by the June 1986 Special Session.

The large vacancy savings rate shown in FY87's personal services reflects the agency's actual unallocated salaries for FY87 which includes pay plan increases, percentage reductions and the vacancy savings applied by the 49th Legislature.

A 4% vacancy savings has been applied to this budget.

Operational expenses increase by roughly \$224,000 in FY88 and \$300,000 in FY89 over FY86 actual expenditures. Infla-

tion adjustments account for \$118,594 in FY88 and \$222,657 in FY89. Insurance and bonds increased by \$100,000 each year to account for most of the remaining operational increases. In FY88 audit fees increase by \$24,000. This increase is offset by decreases in repairs and maintenance and rent.

The canteen funding has been increased to ensure adequate operational authority.

### Modification Request

	FY88	FY89
Forensic Staffing		
FTE	4.95	29.90
Costs	\$367,074	\$673,016

The 48th and 49th Legislature authorized a total of \$6,005,477 to build a two story forensic treatment facility with the capacity to house 100 patients. The new facility, scheduled for completion in January, 1988 will house 29 more patients than the present facility. This requires additional staffing to provide adequate nursing care, patient management and therapeutic programs. Treatment objectives will be to reduce severe behavior problems, teach needed skills, and to enhance independent functioning of patients in a secure and highly structured environment.

The proposed staffing patterns were established to ensure all patients with quality nursing and psychiatric treatment as mandated by Montana statutes and professional standards. This staffing does meet minimal requirements for proper treatment of these patients.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	4.00	4.00	4.00	4.00
Personal Services	129,312.02	123,042	120,255	120,216
Operating Expenses	29,254.03	36,800	34,793	32,472
Equipment	1,492.14	0	0	0
Debt Service	562.50	0	0	0
<b>Total Agency Costs</b>	<b>\$160,620.69</b>	<b>\$159,842</b>	<b>\$155,048</b>	<b>\$152,688</b>
General Fund	160,620.69	159,842	155,048	152,688
<b>Total Funding Costs</b>	<b>\$160,620.69</b>	<b>\$159,842</b>	<b>\$155,048</b>	<b>\$152,688</b>
Current Level Services	160,620.69	159,842	155,048	152,688
<b>Total Service Costs</b>	<b>\$160,620.69</b>	<b>\$159,842</b>	<b>\$155,048</b>	<b>\$152,688</b>

**Agency Description**

The Board of Pardons consists of three regular members and an auxiliary member appointed by the Governor with the advice and consent of the Senate. The board is responsible for the release of inmates on parole and furlough, and reviews and makes recommendations to the Governor on all cases of executive clemency. The board endeavors to secure the effective application and improvement of the Parole and Probation System and the laws upon which it is based. The board is allocated to the Department of Institutions for administrative purposes. Statutory authority of the board is found in sections 2-15-2302 and 46-23-104, MCA.

**Budget Issues**

The FY86 base for the Board of Pardons was reduced by \$9,059 to cover unfunded pay plan increases and percentage reductions. This base was then increased by \$7,760 for increased operational costs in FY88 and FY89. These operational increases are for additional per diem which was not reflected in the FY86 base because of the illness of a board member. Also, there are additional communication costs which were previously paid by the prison. Some minor inflationary adjustments were made. A 4% vacancy savings factor was applied. Audit costs are only reflected in FY88.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	95.52	112.26	.00	.00
Personal Services	1,677,473.20	1,042,189	0	0
Operating Expenses	463,243.37	229,263	0	0
Equipment	129.00	0	0	0
Debt Service	232.95	0	0	0
<b>Total Agency Costs</b>	<b>\$2,141,078.52</b>	<b>\$1,271,452</b>	<b>\$0</b>	<b>\$0</b>
General Fund	2,095,064.74	1,201,832	0	0
Federal & Other Spec Rev Fund	38,000.16	41,555	0	0
Proprietary Fund	8,013.62	28,065	0	0
<b>Total Funding Costs</b>	<b>\$2,141,078.52</b>	<b>\$1,271,452</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	2,133,191.36	1,271,452	0	0
Modified Level Services	7,887.16	0	0	0
<b>Total Service Costs</b>	<b>\$2,141,078.52</b>	<b>\$1,271,452</b>	<b>\$0</b>	<b>\$0</b>

**Agency Description**

The Montana Youth Treatment Center is a 60-bed facility which provides inpatient psychiatric treatment for seriously emotionally disturbed youth. The Center provides a full range of mental health treatment services and, in addition, offers education, recreation, and vocational counseling programs.

**Budget Issues**

During the June 1986 Special Session, the Legislature passed House Bill 36 which authorized the sale of the Montana Youth Treatment Center to a private provider. Since that time the facility has been sold effective December 31, 1986. Consequently, there is no budget proposal for this agency.



Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	278.95	271.45	320.10	321.10
Personal Services	7,046,958.12	7,421,474	8,826,834	8,866,309
Operating Expenses	5,720,131.09	6,000,277	13,432,622	13,375,987
Equipment	418,630.58	39,738	134,038	249,119
Capital Outlay	3,550.18	0	0	0
Local Assistance	0.00	0	3,907,774	3,959,649
Grants	43,451,284.85	38,263,630	31,795,423	31,052,863
Transfers	374,278.50	0	20,400,291	20,525,500
Debt Service	54,948,642.98	0	0	0
<b>Total Agency Costs</b>	<b>\$111,963,476.30</b>	<b>\$51,725,119</b>	<b>\$78,496,982</b>	<b>\$78,029,427</b>
General Fund	9,350,978.18	8,229,721	7,714,326	7,728,981
State Special Revenue Fund	25,922,289.77	22,122,306	21,710,153	22,650,657
Federal & Other Spec Rev Fund	18,174,083.46	17,894,707	19,784,529	18,327,022
Proprietary Fund	58,516,124.89	3,478,385	29,287,974	29,322,767
<b>Total Funding Costs</b>	<b>\$111,963,476.30</b>	<b>\$51,725,119</b>	<b>\$78,496,982</b>	<b>\$78,029,427</b>
Current Level Services	111,963,476.30	51,725,119	77,341,263	77,344,859
Modified Level Services	0.00	0	1,155,719	684,568
<b>Total Service Costs</b>	<b>\$111,963,476.30</b>	<b>\$51,725,119</b>	<b>\$78,496,982</b>	<b>\$78,029,427</b>

### Agency Description

The Department of Commerce was established by section 2-15-1801, MCA, to encourage and promote commerce-related activities in Montana through a wide spectrum of programs. Some of the programs are designed to foster stable, diversified economic development by providing various types of assistance to businesses wishing to develop or expand within the state. Two integral parts of the department's mission are: the maintenance and development of transportation systems that will provide a cost effective means of bringing commercial products to local, national, and international markets; and the marketing of the state as a vacation destination and motion picture location site.

Other programs within the department exist to provide financial and technical assistance to counties and communities in which the local tax base is inadequate or where rapid development has affected the ability of those entities to provide essential services to their citizens.

The department also includes provision for licensing certain professional and occupational business men and women to insure a high standard of service to the citizens of Montana.

In addition, other programs are designed to provide assurance to consumers regarding the price, quantity and quality of various retail and wholesale commodities.

### Policy Issues

The 1989 biennium budget for the Department of Commerce contains several economic development initiatives, continuation of assistance for local governments, the addition of a new function of state government, and a major replacement of general fund with an accommodations tax to support promotion of Montana and its products.

In order to provide further stimulus for small business development in the state, Small Business Development Centers are being established through the joint efforts of the department, local development organizations, the university system and the federal Small Business Administration.

A Seed Capital Fund is being established to provide additional resources to invest in seed and startup stage companies in Montana that are attempting to develop and market technologybased products and services.

In a continuing effort to expand Montana's cattle, grain and tourism markets, the first steps are being taken to establish a Pacific Rim Trade Office in Japan. The startup costs will be funded by the Montana Accommodations Tax, and private sector organizations.

Rail improvement funds will be available for specific projects in the biennium. Interest from funds paid by Burlington-Northern will provide capital to be matched by the project recipients.

Introduction of the Montana Accommodations Tax will result in replacement of general fund currently supporting Montana's tourism and motion picture location promotion. It will also enable expansion of the promotion effort, both nationally and in potential foreign markets.

Local assistance for both the District Court Reimbursement program and the Local Government Block Grant (LGBG) will continue to be funded with vehicle license fees. One-third of the oil severance tax will remain dedicated to the LGBG.

Voter acceptance of Referendum 100 in the 1986 election establishes a state-operated lottery in the Department of Commerce. The Lottery Division has been created to respond to that mandate. Both the Board of Horse Racing and the state's Electronic Poker program are transferred into that division - the Board from within another program in Commerce and electronic poker from the Department of Revenue.

The tramway safety licensing function has been moved from the Department of Administration into the Business Licensing and Regulation Support program in Commerce.

Departmental reorganization was undertaken during the 1987 biennium and is reflected in 1989 biennium budgets. (Note: the FTE levels and budgeted authority reflected in the tables for FY87 in this section do not reflect the reorganization in its entirety.) The Local Government Division combines the Community Assistance functions with Local Government Services functions and includes the Section 8 Housing Assistance function. The Board of Housing is established as a separately budgeted program. The Business Regulation Division combines the programs for Professional and Occupational Licensing, Building Codes, Weights and Measures, Milk Control and Public Contractor licensing under

one overall administrative structure. The Legal Services program was eliminated as a separate entity, with reassignment of seven of the eight and one-half positions within the department.

In order to reflect the budgetary reductions of HB30 of the June Special Session, department-wide base expenditures were reduced by \$1,325,574 prior to the allowance of expenditure increases and the effect of policy decisions.

#### BUS LIC & REG-PROGRAM SUPPORT Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	1.00	2.30	1.00	1.00
Personal Services	51,889.56	70,252	51,187	51,522
Operating Expenses	9,760.00	8,065	103,157	102,994
Equipment	6,500.00	0	0	0
<b>Total Program Costs</b>	<b>\$68,149.56</b>	<b>\$78,317</b>	<b>\$154,344</b>	<b>\$154,516</b>
General Fund	5,011.96	21,089	0	0
State Special Revenue Fund	63,137.60	57,228	93,305	93,305
Proprietary Fund	0.00	0	61,039	61,211
<b>Total Funding Costs</b>	<b>\$68,149.56</b>	<b>\$78,317</b>	<b>\$154,344</b>	<b>\$154,516</b>
Current Level Services	68,149.56	78,317	79,344	79,516
Modified Level Services	0.00	0	75,000	75,000
<b>Total Service Costs</b>	<b>\$68,149.56</b>	<b>\$78,317</b>	<b>\$154,344</b>	<b>\$154,516</b>

#### Program Description

The Business Licensing and Regulation Program Support Program represents the budget for the operation of the Business Regulation Division Administrator. The Administrator supervises the direction of the regulatory and licensing functions performed by the Building Codes, Milk Control, Professional and Occupational Licensing, and the Weights and Measures Bureaus.

#### Budget Issues

The funding of this program has changed. The costs of the administrator are recovered by charges to the four programs included within the Business Licensing and Regulation Division. Rather than include appropriation authority in this program for general fund (Weights and Measures) and state special revenue (Building Codes, Professional and Occupational Licensing, and Milk Control), the funding has been changed to an internal service fund account into which those funds will be paid for each program's share of the cost.

The agency request for annual expenditures in the 1989 biennium (excluding the above mentioned new internal service fund) is approximately \$4,700 less in operating and equipment than the FY86 expenditure base. The amounts to be cut from this program to achieve the 60% of the 5%

FY87 reduction, total \$3,056. The program request achieved the base reduction.

There is a significant base increase in travel allowed for this program within current level. In FY86, the program manager elected to reduce operating in order to purchase a computer terminal. No equipment is requested in the 1989 biennium.

Travel will be resumed.

The passenger tramway safety program has been transferred to this program from the Department of Administration. This adds \$18,305 of operating authority per year, primarily in contracted services. Administrative support will be provided by the division administrator.

#### Modification Request

Additional state special revenue fund authority has been established to create a "legal costs pool" for use by Professional and Occupational Licensing boards, Milk Control and Building Codes if any has extraordinary legal expenses during the biennium. The division administrator would authorize program transfer of authority to any program or board with sufficient revenue, but insufficient spending authority, to cover unanticipated legal expenses.

FY88 = \$ 75,000

FY89 = \$ 75,000

#### WEIGHT & MEASURES BUREAU Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY -1988	FY 1989
Full Time Equivalent Employees	12.00	12.00	12.00	12.00
Personal Services	296,336.14	290,430	302,061	302,951
Operating Expenses	122,505.63	123,588	127,577	125,131
Equipment	25,476.20	5,298	12,700	12,700
<b>Total Program Costs</b>	<b>\$444,317.97</b>	<b>\$419,316</b>	<b>\$442,338</b>	<b>\$440,782</b>
General Fund	444,317.97	419,316	442,338	440,782
<b>Total Funding Costs</b>	<b>\$444,317.97</b>	<b>\$419,316</b>	<b>\$442,338</b>	<b>\$440,782</b>
Current Level Services	444,317.97	419,316	442,338	440,782
<b>Total Service Costs</b>	<b>\$444,317.97</b>	<b>\$419,316</b>	<b>\$442,338</b>	<b>\$440,782</b>

#### Program Description

The staff of the Weights and Measures Bureau test and inspect all weighing and measuring devices and are responsible

for calibrating all weights and measures. The bureau staff are also responsible for quality control of all petroleum products. They investigate complaints concerning violations

of weights and measures laws and regulations; regulate labeling, advertising, and quantity control of prepackaged products; license all state petroleum dealers; and collect license and scale test fees, as well as impose late penalties.

#### Budget Issues

The amount to be cut from this program is \$20,525. The operating and equipment base was reduced by \$16,323. The

remaining \$4,202 was covered by department-wide general fund cuts.

Travel increases were allowed for the expenses of an eighth inspector, a position that has been held vacant to achieve vacancy savings in the 1987 biennium. Equipment was limited to \$12,700 per year.

General fund revenues from this program are projected at \$132,000 per year in the 1989 biennium. This represents approximately one-third of the total costs of the program.

FINANCIAL DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	21.00	21.00	21.00	21.00
Personal Services	485,744.40	551,802	577,839	577,829
Operating Expenses	198,874.39	177,824	221,606	216,247
Equipment	6,500.00	550	0	0
<b>Total Program Costs</b>	<b>\$691,118.79</b>	<b>\$730,176</b>	<b>\$799,445</b>	<b>\$794,076</b>
State Special Revenue Fund	691,118.79	730,176	799,445	794,076
<b>Total Funding Costs</b>	<b>\$691,118.79</b>	<b>\$730,176</b>	<b>\$799,445</b>	<b>\$794,076</b>
Current Level Services	691,118.79	730,176	799,445	794,076
<b>Total Service Costs</b>	<b>\$691,118.79</b>	<b>\$730,176</b>	<b>\$799,445</b>	<b>\$794,076</b>

#### Program Description

The Financial Division consists of the State Banking Board and Department of Commerce staff who are responsible for chartering, licensing, supervising, and examining state banks, savings and loan associations, credit unions, consumer loan licensees, sales finance companies and Montana development companies/boards. They act as guardian of the public's interests in Montana's financial institutions and seek to prevent loss resulting from mismanagement or insolvency of state financial organizations. Statutory authority for these functions resides in Title 32 of the MCA.

#### Budget Issues

The amount of the unfunded pay plan for this program was covered by a department-wide cut of state special revenue fund authority. The operating cut to be achieved was \$22,742. The operating and equipment base was reduced by only \$16,185 before approximately \$39,000 of positive base adjustments were allowed in fixed costs, postage, printing, recharges and in-state travel. The travel base reflects the impact of vacant positions during FY86. Most vacant positions have now been filled and require extensive travel. No equipment was authorized.

MILK CONTROL BUREAU Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	8.00	8.00	8.50	8.50
Personal Services	182,683.18	182,311	201,553	201,356
Operating Expenses	90,451.80	75,338	98,174	96,288
Equipment	10,680.06	0	0	0
<b>Total Program Costs</b>	<b>\$283,815.04</b>	<b>\$257,649</b>	<b>\$299,727</b>	<b>\$297,644</b>
State Special Revenue Fund	283,815.04	257,649	299,727	297,644
<b>Total Funding Costs</b>	<b>\$283,815.04</b>	<b>\$257,649</b>	<b>\$299,727</b>	<b>\$297,644</b>
Current Level Services	283,815.04	257,649	283,778	281,715
Modified Level Services	0.00	0	15,949	15,929
<b>Total Service Costs</b>	<b>\$283,815.04</b>	<b>\$257,649</b>	<b>\$299,727</b>	<b>\$297,644</b>

#### Program Description

The staff of the Milk Control Bureau are responsible for supervising, regulating and controlling the milk industry of this state. They investigate all matters pertaining to production, processing, storage, distribution and sale of milk. The Bureau is charged with insuring compliance by all licensees through minimum pricing, fair trade rules, extension of credit and financing prohibitions of the law. Intelligent production and orderly marketing of milk and cream products

are encouraged to guarantee an adequate supply of healthful milk to the consuming public at the least possible cost.

#### Budget Issues

The unfunded pay plan amount for this program was covered by department-wide cuts. The operating cut applied to Milk Control was covered by a reduced program budget request and further cuts totalling \$6,218. The program does not anticipate the level of legal costs experienced in the

FY86 base year to continue throughout the 1989 biennium. No equipment was requested in the 1989 biennium.

#### Modification Request

The Board of Milk Control has received a petition from the Montana Dairymen's Association requesting that a state

pooling arrangement be established as a method of payment of producer prices. Statute requires the Board to hold a hearing on the advisability of such an arrangement and to establish the pool if warranted. An additional .50 FTE and operating costs are required to implement this provision.

FY88 = \$ 15,949

FY89 = \$ 15,929

POL BUREAU Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	34.21	35.91	30.43	30.43
Personal Services	776,343.39	897,716	832,290	833,978
Operating Expenses	768,126.79	1,017,002	1,504,293	1,497,582
Equipment	78,126.32	13,493	802	0
Grants	0.00	2,500	0	0
Transfers	0.00	0	100,000	100,000
<b>Total Program Costs</b>	<b>\$1,622,596.50</b>	<b>\$1,930,711</b>	<b>\$2,437,385</b>	<b>\$2,431,560</b>
State Special Revenue Fund	1,622,596.50	1,930,711	1,722,907	1,725,406
Proprietary Fund	0.00	0	714,478	706,154
<b>Total Funding Costs</b>	<b>\$1,622,596.50</b>	<b>\$1,930,711</b>	<b>\$2,437,385</b>	<b>\$2,431,560</b>
Current Level Services	1,622,596.50	1,930,711	2,402,314	2,397,690
Modified Level Services	0.00	0	35,071	33,870
<b>Total Service Costs</b>	<b>\$1,622,596.50</b>	<b>\$1,930,711</b>	<b>\$2,437,385</b>	<b>\$2,431,560</b>

#### Program Description

The Professional and Occupational Licensing Bureau is designed to provide the administrative and clerical services required by the professional licensing boards. Services provided by the bureau include correspondence, application processing, issuing licenses, renewing licenses, monitoring continuing education, investigating complaints, administering and grading examinations, taking minutes of board meetings and maintaining board records. Services are provided to the following twenty-nine boards:

Board of Athletics  
Board of Architects  
Board of Barbers  
Board of Chiropractors  
Board of Cosmetologists  
Board of Dentistry  
Board of Dentistry  
Board of Hearing Aid Dispensers  
Board of Horse Racing  
Board of Landscape Architects  
Board of Medical Examiners  
Board of Morticians  
Board of Nursing  
Board of Nursing Home Administrators  
Board of Occupational Therapists  
Board of Optometrists  
Board of Pharmacists  
Board of Physical Therapy Examiners  
Polygraph Licensing  
Private Investigators  
Board of Professional Engineers and Land Surveyors  
Board of Psychologists  
Board of Public Accountants  
Board of Radiologic Technologists  
Board of Realty Regulation  
Board of Sanitarians  
Board of Social Workers & Professional Counselors  
Board of Speech Pathologists and Audiologists  
Board of Veterinarians

#### Budget Issues

The method of accounting for the department's costs of serving the Professional and Occupational Licensing Boards has changed. Previously, the support FTE of this program were divided among the boards on the basis of time studies of hours spent providing administrative support. Appropriation authority would be drawn down from each served board once during the fiscal year. In the 1989 biennium, the program has been arranged to assign to the P.O.L. Administration subprogram all support staff which are not statutorily provided for a specific board. The estimated personal service and operating cost of providing administrative support to each board is calculated based on time studies. The personal services and operating support cost is reflected in each board's budget in the indirect cost recovery expenditure object. In addition to the cost of support staff and operating expenses, the P.O.L. boards pay a portion of the cost of the Administrator of the Business Licensing and Regulation Division. That cost is divided among the P.O.L. boards, Milk Control, Building Codes, and Weights and Measures bureaus.

The unfunded pay plan of state special revenue fund authority was covered by department-wide FTE reductions. The total amount of state special revenue fund authority reduced by applying the 60% of the 5% FY87 cut is \$65,962. This cut was prorated across the boards based on their proportion of total appropriation authority. A 4% vacancy savings was applied to all personal services costs with the exception of board per diem.

Increases in authority result from increased travel and other operating expenses requested by the boards, as well as the addition of the previously non-budgeted administrative support costs.

Passage of referendum 100 has resulted in the creation of a Lottery Division in the Department of Commerce. The Board of Horse Racing has been transferred into that division. This reduces the P.O.L. administration subprogram by

1.00 FTE and the entire program by an additional 4.78 FTE and the operating costs of the entire board.

#### Modification Requests

The recommended budget includes addition of operating authority for workload increases in the Board of Chiropractors, the Board of Morticians, the Board of Professional Engineers and Land Surveyors, and the Board of Public Accountants. No new FTE are required.

	FY88	FY89
Chiropractors	\$ 2,000	\$ 2,000
Morticians	5,071	5,870
Prof	2,000	0
Engrs/L.S. Accountants	26,000	26,000
<b>TOTAL</b>	<b>\$35,071</b>	<b>\$33,870</b>

In addition, language in the General Appropriations Act for the 1989 biennium is recommended for the board of nursing as follows:

If a computerized adaptive testing program becomes mandatory in FY89, the Board of Nursing may request a budget amendment to cover the costs of implementing the program.

#### DIVISION OF AERONAUTICS Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	12.84	12.84	11.99	11.99
Personal Services	316,092.09	339,701	342,868	344,136
Operating Expenses	245,560.63	291,795	353,394	277,715
Equipment	4,350.86	7,214	22,857	22,892
Capital Outlay	3,550.18	0	0	0
Grants	5,540.00	10,940	23,000	23,000
Transfers	10,261.63	0	10,000	10,000
<b>Total Program Costs</b>	<b>\$585,355.39</b>	<b>\$649,650</b>	<b>\$752,119</b>	<b>\$677,743</b>
State Special Revenue Fund	526,771.82	560,263	615,036	615,660
Federal & Other Spec Rev Fund	0.00	0	75,000	0
Proprietary Fund	58,583.57	89,387	62,083	62,083
<b>Total Funding Costs</b>	<b>\$585,355.39</b>	<b>\$649,650</b>	<b>\$752,119</b>	<b>\$677,743</b>
Current Level Services	585,355.39	649,650	668,619	677,743
Modified Level Services	0.00	0	83,500	0
<b>Total Service Costs</b>	<b>\$585,355.39</b>	<b>\$649,650</b>	<b>\$752,119</b>	<b>\$677,743</b>

#### Program Description

The Division of Aeronautics consists of the Aeronautics Board and two bureaus. The Aeronautics Board, allocated to the department for administrative purposes, advises on matters pertaining to aeronautics.

The Airport/Airways Bureau staff provide technical and financial assistance to communities in airport development, navigational aid development, communications, aviation safety and airport planning. Program staff plan, establish, operate and maintain the state-owned system of airports, navigational aids and communications facilities.

The staff of the Safety and Education Bureau maintain a statewide organization for aerial search and rescue and provide search and rescue for lost aircraft. They serve as the approving agent for Veterans Administration flight schools, enforce state law on pilot and aircraft registration, and issue commercial air operator certificates. Bureau staff plan and organize annual aircraft mechanic refresher seminars, annual flight instructor refresher clinics and conduct aviation safety programs for pilots in Montana. Additional staff responsibilities include: maintain a film library for pilot groups and schools; furnish aviation information and educational materials to students; provide schools with help in the area of curriculum planning and career information; provide guided career awareness tours of specific aviation facilities for

schools and other groups; maintain an accredited college aviation/aerospace teacher workshop program; produce a monthly newsletter for the aviation community. The Bureau also makes air marking recommendations for proposed towers, power lines, etc., and the action of the FAA and other agencies are monitored with the best interests of Montana aviation in mind.

#### Budget Issues

The unfunded pay plan was covered by department-wide cuts. The operating base cut amount was \$20,319. The program elected to cut a total of .95 FTE from the West Yellowstone operation for a personal services savings of \$21,475. A .10 FTE janitor had to be added to the program in current level to replace a personal services contract that did not meet Internal Revenue Service criteria.

Major increases to the budget include: 1) aircraft engine replacement for \$17,000 in FY88 and for \$27,000 in FY89; 2) and equipment totalling \$22,857 in FY88 and \$22,892 in FY89. The equipment will replace obsolete transmitters and unicomms with non-directional units, replace emergency locator transmitter homer radios and provide radio equipment to link this program with Search and Rescue's new emergency communications network.

#### Modification Request

Appropriation authority for \$75,000 of federal funds and \$8,500 of state special revenue fund match is requested for completion of the State Airport System Plan in FY88. The

federal authority needed in prior years has been provided through program transfer within the department.

FY88 = \$83,500

FY89 = \$ 0

**TRANSPORTATION DIVISION**  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	15.00	15.00	12.00	12.00
Personal Services	477,418.01	484,034	386,748	387,274
Operating Expenses	411,765.10	306,263	310,136	307,565
Equipment	10,013.74	380	1,250	0
Grants	4,322,618.17	2,584,734	3,211,085	1,771,250
<b>Total Program Costs</b>	<b>\$5,221,815.02</b>	<b>\$3,375,411</b>	<b>\$3,909,219</b>	<b>\$2,466,089</b>
General Fund	604,533.34	473,266	582,134	578,839
State Special Revenue Fund	75,000.00	71,250	71,250	71,250
Federal & Other Spec Rev Fund	4,542,281.68	2,830,895	3,255,835	1,816,000
<b>Total Funding Costs</b>	<b>\$5,221,815.02</b>	<b>\$3,375,411</b>	<b>\$3,909,219</b>	<b>\$2,466,089</b>
Current Level Services	5,221,815.02	3,375,411	3,407,314	2,466,089
Modified Level Services	0.00	0	501,905	0
<b>Total Service Costs</b>	<b>\$5,221,815.02</b>	<b>\$3,375,411</b>	<b>\$3,909,219</b>	<b>\$2,466,089</b>

**Program Description**

The Transportation Division's purpose is to maintain and develop effective transportation systems in Montana. The division staff provide technical, legal, planning, and financial assistance to transportation users, providers and local governments. They are responsible for rate analysis and development of cost models to assess changes in transportation rates and systems.

Division staff also contribute recommendations for development of Montana's transportation system. This is accomplished through various state and federal programs of technical and financial assistance designed to assist shippers, agriculture, the rail and trucking industries, inter-city passenger carriers, urban public transportation, and other transportation providers and users. The division is also charged with administering the State Rail Plan and maintaining Montana's eligibility for general railroad assistance funding.

**Budget Issues**

The total amount to be cut from this program, including the unfunded pay plan and the 60% of the 5% FY87 cut, totals

\$29,068. The budget request was \$100,232 lower than the FY86 base for operating. The major reduction was in contracted services due to a decrease of anticipated need for consultant contracts in the 1989 biennium.

Current level FTE are reduced by 3.00 FTE due to loss of \$100,000 of federal rail planning funds that were not replaced with General Fund in the Executive Budget.

**Modification Request**

Biennial appropriation authority of \$501,905 is recommended for the interest generated from the investment of federal Local Rail Service Assistance (LRSA) monies that were repaid early by Burlington-Northern as a result of the state's BN lawsuit settlement. These monies will be eligible for use for railrelated purposes only beginning in FY88. One of the prime criteria in selection of priority projects for funding will be the willingness of the project recipient to provide a minimum 30% match for the LRSA interest funds.

Biennial Appropriation = \$501,905

**BUSINESS ASSISTANCE PROGRAM**  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	11.00	10.00	16.00	16.00
Personal Services	350,481.62	321,387	485,509	485,556
Operating Expenses	330,378.74	500,545	807,953	896,433
Equipment	8,640.20	5,000	4,570	0
<b>Total Program Costs</b>	<b>\$689,500.56</b>	<b>\$826,932</b>	<b>\$1,298,032</b>	<b>\$1,381,989</b>
General Fund	685,541.00	700,432	686,692	683,219
State Special Revenue Fund	0.00	0	30,114	59,257
Federal & Other Spec Rev Fund	3,959.56	126,500	581,226	639,513
<b>Total Funding Costs</b>	<b>\$689,500.56</b>	<b>\$826,932</b>	<b>\$1,298,032</b>	<b>\$1,381,989</b>
Current Level Services	689,500.56	826,932	986,692	983,219
Modified Level Services	0.00	0	311,340	398,770
<b>Total Service Costs</b>	<b>\$689,500.56</b>	<b>\$826,932</b>	<b>\$1,298,032</b>	<b>\$1,381,989</b>

**Program Description**

The Business Assistance Division performs comprehensive services that constitute the direct technical assistance com-

ponent of the Build Montana Economic Development effort, including the following programs:

Small Business Advocate and Business Licensing Center - Serves as the single contact for businesses in understanding and completing all licensing requirements necessary to open or remain in business.

Business Development Assistance Program - Provides contracting opportunities on a domestic and federal level for manufacturing firms through the contract procurement market system.

Marketing Assistance Program - Helps manufacturers penetrate product markets on a local, state, regional and national basis; conducts the "Made in Montana" campaign.

Development Finance Assistance Program - Provides technical assistance in the areas of financial analysis and planning, loan packaging, bonding, business tax incentives and availability of public and private capital sources.

International Trade Program - Helps businesses market their products outside the United States.

Business Location Program - Conducts promotion and recruitment efforts to attract and relocate out of state firms in Montana.

Local Development Organization Assistance Program - Helps local development organizations retain, expand and recruit business.

This division also supervises staffing of the Montana Ambassadors.

#### Budget Issues

The staff level of this program increased by 1.00 FTE transferred from Professional and Occupational Licensing program to provide needed secretarial support.

The amount to be cut from this program is \$28,996. That amount was removed from the operating and equipment

base before positive adjustments were made. The major increase in current level of this program is in its national advertising budget. National advertising is supported with private revenues from the business community and is budgeted at \$300,000 per year in the 1989 biennium. Some office equipment is authorized.

#### Modification Requests

A Pacific Rim trade office is being planned to expand Montana's markets. Research and market analysis will be provided for firms or businesses seeking a trading or investment relationship in the Orient. The modification will be implemented in two stages. A consultant will be hired initially to explore all the opportunities and options available to Montana in order to best represent the state in the Pacific basin. The resulting recommendations will be implemented in the second year. Funding will be provided by the Montana Accommodations Tax and funds from private sector organizations.

	FY88	FY89
Accommodations Tax	\$ 30,114	\$ 59,257
Private Sector	60,226	118,513
Total	\$90,340	\$177,770

A cooperative effort among the department, the federal SBA, local development offices and the Montana university system has been developed to establish two Small Business Development Centers (SBDC's) - one in Helena and one in eastern Montana. Appropriation authority is recommended for the federal funding available in the 1989 biennium. The state, local development organizations and university system will provide match for the federal funds in in-kind support service. Four federally-funded FTE are requested.

FY88 = \$ 221,000

FY89 = \$ 221,000

#### MONTANA PROMOTION BUREAU Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	11.00	11.00	14.00	14.00
Personal Services	282,072.08	256,591	350,120	349,857
Operating Expenses	1,177,232.29	1,278,548	3,364,106	3,440,449
Equipment	7,946.81	1,500	3,900	1,100
Local Assistance	0.00	0	1,211,169	1,235,607
<b>Total Program Costs</b>	<b>\$1,467,251.18</b>	<b>\$1,536,639</b>	<b>\$4,929,295</b>	<b>\$5,027,013</b>
General Fund	1,233,326.17	1,186,639	0	0
State Special Revenue Fund	0.00	0	4,579,295	4,677,013
Federal & Other Spec Rev Fund	233,925.01	350,000	350,000	350,000
<b>Total Funding Costs</b>	<b>\$1,467,251.18</b>	<b>\$1,536,639</b>	<b>\$4,929,295</b>	<b>\$5,027,013</b>
Current Level Services	1,467,251.18	1,536,639	4,929,295	5,027,013
<b>Total Service Costs</b>	<b>\$1,467,251.18</b>	<b>\$1,536,639</b>	<b>\$4,929,295</b>	<b>\$5,027,013</b>

#### Program Description

The Montana Promotion Division seeks to increase non-resident travel and motion picture/TV commercial expenditures in the state by promoting a positive image of the state via advertising, publicity, publications, exhibiting and personalized counseling and services.

#### Budget Issues

General fund support for this program has been completely replaced by revenues from the Montana Accommodations Tax. Current level has been increased by 3.00 FTE travel promotion officers and by operating costs reflecting total anticipated revenues. One percent of the net 4% collected on taxable accommodations receipts will be distributed to local non-profit tourism corporations on the basis of local pro-

motion plans submitted to the Tourism Advisory Council for approval.

Projected Revenue	\$ 5,000,000	\$ 5,000,000
Payback	97,000	
FY87 GF loan		
Dept Revenue costs	58,323	57,574
Commerce Admin. costs	3,633,508	3,706,819
Local non-profits	1,211,169	1,235,607
<b>TOTAL</b>	<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>



HOUSING ASSISTANCE PROGRAM  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	7.00	7.00	7.00	7.00
Personal Services	182,027.10	170,249	182,964	183,206
Operating Expenses	109,661.44	83,785	110,313	106,732
Equipment	73,658.76	1,454	1,249	696
Grants	7,113,868.68	8,043,964	9,740,286	9,744,360
<b>Total Program Costs</b>	<b>\$7,479,215.98</b>	<b>\$8,299,452</b>	<b>\$10,034,812</b>	<b>\$10,034,994</b>
Federal & Other Spec Rev Fund	7,491,606.98	8,299,452	10,034,812	10,034,994
Proprietary Fund	12,391.00-	0	0	0
<b>Total Funding Costs</b>	<b>\$7,479,215.98</b>	<b>\$8,299,452</b>	<b>\$10,034,812</b>	<b>\$10,034,994</b>
Current Level Services	7,479,215.98	8,299,452	10,034,812	10,034,994
<b>Total Service Costs</b>	<b>\$7,479,215.98</b>	<b>\$8,299,452</b>	<b>\$10,034,812</b>	<b>\$10,034,994</b>

**Program Description**

The Section 8 Housing Bureau's function is to provide decent, safe and sanitary housing to eligible low-income families and individuals (including elderly, disabled, and handicapped families) through federally funded rental assistance and rental unit rehabilitation programs.

program, leaving 7.00 FTE in this housing assistance program.

The amount to be cut from this program totalled \$2,753. The program operating request was \$70,000 less than base FY86 expenditures because data processing development is completed and will not be a continuing cost in the 1989 biennium.

**Budget Issues**

This program was reorganized during the 1987 biennium. The Board of Housing portion was established in its own

COMMUNITY ASSISTANCE PROGRAM  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	13.00	13.00	13.00	13.00
Personal Services	364,526.87	319,242	391,696	391,632
Operating Expenses	239,926.99	248,464	279,642	276,582
Equipment	5,784.09	199	446	0
Grants	10,806,659.04	7,755,805	6,078,475	6,119,701
<b>Total Program Costs</b>	<b>\$11,416,896.99</b>	<b>\$8,323,710</b>	<b>\$6,750,259</b>	<b>\$6,787,915</b>
General Fund	196,790.61	193,856	214,613	213,839
State Special Revenue Fund	5,356,966.45	1,861,994	1,087,990	1,127,561
Federal & Other Spec Rev Fund	5,863,139.93	6,267,860	5,447,656	5,446,515
<b>Total Funding Costs</b>	<b>\$11,416,896.99</b>	<b>\$8,323,710</b>	<b>\$6,750,259</b>	<b>\$6,787,915</b>
Current Level Services	11,416,896.99	8,323,710	6,750,259	6,787,915
<b>Total Service Costs</b>	<b>\$11,416,896.99</b>	<b>\$8,323,710</b>	<b>\$6,750,259</b>	<b>\$6,787,915</b>

**Program Description**

The Community Development Bureau exists to provide assistance to local governments, private developers, and citizens in the areas of: public works planning and financing, land use and development regulation, capital improvement planning, local government issues research and development, and economic development. The program includes the following boards and programs:

The Coal Board - provides grants to local governments where adverse impacts have occurred as a result of large-scale coal development. The program is administered by a gubernatorial appointee Board that acts on applications from local governments for public facilities or services intended to mitigate negative public fiscal impacts.

The Hard-Rock Mining Board - assists mineral developers and local government units prepare, review and implement impact plans for new, large-scale hard-rock mines; arbitrates

disputes; makes determinations on impact plan waivers; and awards grants and loans to mitigate fiscal and economic impacts of mine workforce reduction and closure.

The Community Development Block Grant - receives, awards, administers and monitors Federal HUD funds intended to assist local governments with their greatest public facilities, housing, and economic development needs by funding projects that principally will benefit low to moderate income people in their communities.

Technical Assistance - provides technical assistance to local governments. Much of the assistance is accomplished through training workshops, publications and automated data retrieval.

**Budget Issues**

Coal Board projected revenues are based on receipt of 1.25% of total coal severance tax collections. This funds



approximately \$816,000 in grants in FY88 and about \$857,000 in FY89. Program staff remains at 2.50 FTE. Contracted services expenditures appear to increase over FY86 operating base because about \$16,600 of the costs of the current level contracts were paid with FY85 carryover funds and were not reflected in the base.

Hard Rock Mining budget reflects substantial increases in authority in almost all areas. Although program staff level remains at 2.00 FTE, twice as many Board meetings have been scheduled because the workload is anticipated to increase. The expanded budget reflects the increase in the number of approved impact plans that are subject to amendment, the number of proposed large-scale mineral developments that may have impact plans in preparation, and the addition of potential waiver and subaccount grant loan activities. No cuts were made in the base of this program because no cuts were made in FY87.

Statutory appropriation status is being sought for the subaccount portions of this program. Should this effort fail, language should be included in the General Appropriations Act to allow budget amendment of authority needed to meet statutory requirements for disbursement of subaccount funds.

Community Development Block Grant staff remain at 4.50 FTE. Although base reductions were made to achieve the required cut, general fund increases by approximately \$18,000 over the FY86 base. General fund 50%/50% match of federal CDBG administrative dollars has been below the required level since FY84. Approximately \$65,000 per year of general fund match is included in the 1989 biennium.

Technical assistance staff remain at 2.50 FTE. Operations have been cut to reflect this subprogram's share of the total program reduction.

The remaining 1.50 FTE in the program represent the Bureau Chief and .50 secretarial support.

#### ECONOMIC POLICY & RESEARCH Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	Recommendation FY 1989
Full Time Equivalent Employees	7.00	7.00	7.00	7.00
Personal Services	182,588.15	197,531	192,578	192,374
Operating Expenses	112,762.83	58,775	114,200	109,230
Equipment	8,392.60	789	1,411	1,188
<b>Total Program Costs</b>	<b>\$303,743.58</b>	<b>\$257,095</b>	<b>\$308,189</b>	<b>\$302,792</b>
General Fund	264,573.28	237,095	268,189	262,792
Federal & Other Spec Rev Fund	39,170.30	20,000	40,000	40,000
<b>Total Funding Costs</b>	<b>\$303,743.58</b>	<b>\$257,095</b>	<b>\$308,189</b>	<b>\$302,792</b>
Current Level Services	303,743.58	257,095	308,189	302,792
<b>Total Service Costs</b>	<b>\$303,743.58</b>	<b>\$257,095</b>	<b>\$308,189</b>	<b>\$302,792</b>

#### Program Description

The Office of Economic Analysis is the central planning, coordination, and analysis unit for the Department's programs. Primary functions include monitoring Montana's economy, formulating policy recommendations through the Governor's Council on Economic Development, conducting specific economic analysis projects, coordinating the departmental economic development policy group, distributing economic and demographic information through the Census

and Economic Information Center, and presenting information on the Department's economic development programs.

#### Budget Issues

The total cut amount of \$10,853 was taken from the operational base prior to adding budget authority for professional consultants, data processing from the Department of Administration and rent increases. Purchase of one computer terminal in each year and some office equipment is recommended.

#### LOCAL GOVERNMENT AUDIT SERV. Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	Recommendation FY 1989
Full Time Equivalent Employees	27.70	28.20	28.20	28.20
Personal Services	631,943.89	752,113	758,074	758,002
Operating Expenses	244,179.03	168,249	268,137	261,799
Equipment	3,596.48	0	13,000	10,500
Transfers	87,767.00	0	0	0
<b>Total Program Costs</b>	<b>\$967,486.40</b>	<b>\$920,362</b>	<b>\$1,039,211</b>	<b>\$1,030,301</b>
General Fund	87,767.00	84,789	87,768	87,768
Proprietary Fund	879,719.40	835,573	951,443	942,533
<b>Total Funding Costs</b>	<b>\$967,486.40</b>	<b>\$920,362</b>	<b>\$1,039,211</b>	<b>\$1,030,301</b>
Current Level Services	967,486.40	920,362	1,039,211	1,030,301
<b>Total Service Costs</b>	<b>\$967,486.40</b>	<b>\$920,362</b>	<b>\$1,039,211</b>	<b>\$1,030,301</b>

#### Program Description

The Local Government Audit Program exists to perform post-audits of the financial statements of local government

entities across Montana. These audits are conducted in accordance with Title 2, chapter 7, part 5 of the MCA. The program also performs special entity audits in cases of sus-

pected fraud or misappropriation of funds. The audit function is designed to protect the taxpayers' interests by verifying that the financial conditions and operations are responsibly accounted, reported, and that local officials comply with all appropriate statutes and regulations.

### Budget Issues

The total cut amount for this program is \$31,763. One FTE was eliminated for a savings of \$22,490. The rest of the cut was counted as included in cuts taken in the Local Government Systems program.

Despite the reduction of 1.00 FTE, two .75 secretarial FTE had to be added to current level to comply with Internal Revenue Service criteria for the distinction between personal services contracts and bona fide employees. When the

Local Government Services Division was reorganized, 1.00 FTE was transferred from this program into the administrator's program. The net FTE change is .50 FTE less. Vacant positions have been filled and the travel budget has been increased accordingly.

General fund support for this program remains at current level, although program costs increase. General fund supports activities of staff that are not billable directly to local governments for audit services. Proprietary funding is based on carryover funds and anticipated revenues.

Equipment purchases recommended include updating the word processing system over the biennium, replacing one printer per year and purchasing two field portable personal computers with accompanying audit software each year.

### ACCTG & MGNT SERVICES Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	10.00	7.00	7.00	7.00
Personal Services	152,591.51	265,205	201,861	201,642
Operating Expenses	94,448.53	158,903	122,188	120,645
Equipment	7,135.20	0	4,250	4,250
Grants	21,046,020.96	19,865,687	11,564,317	12,154,283
Transfers	87,208.00	0	0	0
<b>Total Program Costs</b>	<b>\$21,387,404.20</b>	<b>\$20,289,795</b>	<b>\$11,892,616</b>	<b>\$12,480,820</b>
General Fund	5,425,390.98	4,504,389	5,019,208	5,061,208
State Special Revenue Fund	15,763,635.38	15,535,776	6,703,000	7,251,000
Proprietary Fund	198,377.84	249,630	170,408	168,612
<b>Total Funding Costs</b>	<b>\$21,387,404.20</b>	<b>\$20,289,795</b>	<b>\$11,892,616</b>	<b>\$12,480,820</b>
Current Level Services	21,387,404.20	20,289,795	11,892,616	12,480,820
<b>Total Service Costs</b>	<b>\$21,387,404.20</b>	<b>\$20,289,795</b>	<b>\$11,892,616</b>	<b>\$12,480,820</b>

### Program Description

The Local Government Systems Program exists to develop, implement, and maintain uniform budgetary, accounting and reporting systems for Montana cities, towns, counties, school districts, and single purpose districts. The staff provide special accounting assistance to local finance personnel, coordinate technical advice and assistance between State agencies and local governments, and are responsible for the timely receipt of budgets and annual financial reports from counties, cities, and towns. During Fiscal Year 1986, the District Court Reimbursement Program, the County Land Planning Funds Program, and the Local Government Block Grant Program were added to this Bureau.

### Budget Issues

Systems program amount to be cut totalled \$19,153, including a portion of the cut amount from Local Government Audit Services program. Three vacant FTE positions were cut from this program for a total personal services reduction of \$75,887. Increases in operating reflect the costs of filling other vacant positions and adjustments for full-year occupancy of the program's new offices. The base operating in FY86 includes only nine months of the program in its new

location. Equipment recommended includes this program's share of the word processing system update and replacement of one calculator per year.

District Court Reimbursement program revenues are assumed to be \$2.5 million per year of general fund receipts from the continuation of the special vehicle license fee due to sunset at fiscal year end 1987. The program is staffed with 1.00 FTE. Operations increase primarily due to costs of statutorily required annual audits.

Local Government Block Grant revenues are assumed to include: continuation of vehicle license fees which are due to sunset at fiscal year end 1987; one-third of oil severance tax collections; and no other general fund contribution. Estimated revenues are:

	FY88	FY89
Vehicle fees	\$2.432 million	\$2.474 million
Oil Severance	6.404 "	6.940 "

The June Special Session amended statutes to allow prorated distribution of available LGBG revenues.

County Land Planning revenues are assumed to continue at .38% of coal severance tax collections.

**LOCAL GOVT ASSIST - ADMINISTRATION**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	1.00	2.00	2.00	2.00
Personal Services	46,695.89	87,696	84,496	84,551
Operating Expenses	5,146.70	14,268	15,424	14,967
Equipment	500.00	0	0	0
<b>Total Program Costs</b>	<b>\$52,342.59</b>	<b>\$101,964</b>	<b>\$99,920</b>	<b>\$99,518</b>
Proprietary Fund	52,342.59	101,964	99,920	99,518
<b>Total Funding Costs</b>	<b>\$52,342.59</b>	<b>\$101,964</b>	<b>\$99,920</b>	<b>\$99,518</b>
Current Level Services	52,342.59	101,964	99,920	99,518
<b>Total Service Costs</b>	<b>\$52,342.59</b>	<b>\$101,964</b>	<b>\$99,920</b>	<b>\$99,518</b>

**Program Description**

The Local Government Assistance Division-Administrator Program represents the budget for the operations of the Administrator of the Division and the Division's legal counsel. The Administrator supervises the functions of the Housing Assistance Bureau, Community Development Bureau (which includes the Coal Board and the Hard Rock Mining Board) the Audit Bureau and the Systems Bureau (which includes the Local Government Block Grant, District Court Reimbursement, and County Land Planning distribution functions).

**Budget Issues**

No cuts were applied to this program other than the state-wide 4% vacancy savings reduction. The total cost of this program is recovered by recharges to the Housing Assistance program, the Coal Board, Hard Rock Mining Board, Community Development program, and the Local Government Audit and Systems programs.

The staff level increases by 1.00 FTE lawyer transferred in FY87 when the legal services program was eliminated.

**BUILDING CODES DIVISION**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	30.50	29.00	29.00	29.00
Personal Services	738,661.94	856,770	807,349	809,473
Operating Expenses	356,461.06	260,489	372,732	367,178
Equipment	138,513.00	0	1,400	147,580
<b>Total Program Costs</b>	<b>\$1,233,636.00</b>	<b>\$1,117,259</b>	<b>\$1,181,481</b>	<b>\$1,324,231</b>
State Special Revenue Fund	1,233,636.00	1,117,259	1,181,481	1,324,231
<b>Total Funding Costs</b>	<b>\$1,233,636.00</b>	<b>\$1,117,259</b>	<b>\$1,181,481</b>	<b>\$1,324,231</b>
Current Level Services	1,233,636.00	1,117,259	1,174,131	1,314,781
Modified Level Services	0.00	0	7,350	9,450
<b>Total Service Costs</b>	<b>\$1,233,636.00</b>	<b>\$1,117,259</b>	<b>\$1,181,481</b>	<b>\$1,324,231</b>

**Program Description**

The Building Codes Bureau establishes and enforces minimum building, plumbing, mechanical, electrical and energy standards to safeguard the public in design and construction of buildings, recreational vehicles, and factory built buildings in accordance with the authority assigned in Title 50, chapter 60, MCA. The Bureau achieves compliance with minimum standards through: review and approval of plans; issuance of building, plumbing, mechanical and electrical permits; issuance of factory built building and recreational vehicle insignia; and field inspection of buildings and installations.

**Budget Issues**

Building Codes staff level decreases in this program from FY86. One .50 FTE lawyer position was approved for FY86 only. An additional 1.00 FTE was cut from the program to achieve a portion of the department-wide unfunded pay plan amount.

The amount of the 60% of the 5% FY87 cut to be taken from the base of this program is \$29,345. This amount was

removed from the base for in-state travel, legal fees and printing before approximately \$31,000 of positive adjustments were made in operating. There is a significant increase in projected costs for gasoline due to conversion to gasoline-fueled trucks from propane-fueled trucks.

Equipment requests approved in the Executive Budget include replacement of 12 pickups and 3 sedans in FY89 and purchase of computer equipment to automate permit issuance.

Language in the General Appropriations Act is recommended for two potential programmatic reasons:

Necessary authority may be added by budget amendment to allow the Department of Commerce to expend federal funds made available for energy code education and enforcement within the 1989 biennium.

Should the economy improve to the point there is a need for more building standard inspectors, a maximum of 3.00 FTE, operating and equipment may be added by budget amendment to the Building Codes Division.

The fireworks regulation function assigned to this program is funded at \$220 per year, which is the projected revenue from application fees for fireworks wholesale permits.

Electrical Board and Board of Plumbers budgets show a net increase of about \$7,000 per year due to implementation of budgeting recharges for administrative support provided by the Building Codes bureau.

#### Modification Request

State special revenue budget authority is recommended to allow the Electrical Board to make a lump sum payment to the Educational Testing Service for the examination fees of Montana applicants for national certification. Previously, applicants were to mail their payments directly to the testing service. This caused problems that centralized collection by the department will alleviate.

FY88 = \$ 7,350

FY89 = \$ 9,450

#### INDIAN AFFAIRS COORDINATOR Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	3.00	2.00	2.00	2.00
Personal Services	54,879.07	66,443	55,339	55,396
Operating Expenses	32,876.28	36,404	38,693	34,835
Equipment	1,915.06	0	0	0
<b>Total Program Costs</b>	<b>\$89,670.41</b>	<b>\$102,847</b>	<b>\$94,032</b>	<b>\$90,231</b>
General Fund	89,670.41	102,847	94,032	90,231
<b>Total Funding Costs</b>	<b>\$89,670.41</b>	<b>\$102,847</b>	<b>\$94,032</b>	<b>\$90,231</b>
Current Level Services	89,670.41	102,847	94,032	90,231
<b>Total Service Costs</b>	<b>\$89,670.41</b>	<b>\$102,847</b>	<b>\$94,032</b>	<b>\$90,231</b>

#### Program Description

The Coordinator of Indian Affairs identifies problems confronting the Indians of Montana, advises the Legislative and Executive branches of those problems, and makes recommendations for their alleviation. The coordinator also serves the Montana Congressional delegation as an advisor and intermediary in the field of Indian affairs and acts as spokesman for representative Indian organizations and groups, both public and private, whenever that support is solicited.

#### Budget Issues

The total cut amount for this program is \$4,743. The program staff level was reduced by 1.00 FTE to achieve a portion of the department-wide unfunded pay plan amount.

Program increases in operating were included for postage, printing of a bimonthly newsletter and the Native American Profile (a book covering statistical information on American Indians which was last updated in 1970), and increased answering service charges.

#### (MT) HEALTH FACILITIES AUTHORITY Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	73,312.61	72,027	74,446	74,418
Operating Expenses	44,410.16	49,625	49,477	48,859
Equipment	6,227.26	0	265	0
<b>Total Program Costs</b>	<b>\$111,495.51</b>	<b>\$121,652</b>	<b>\$124,188</b>	<b>\$123,277</b>
Proprietary Fund	111,495.51	121,652	124,188	123,277
<b>Total Funding Costs</b>	<b>\$111,495.51</b>	<b>\$121,652</b>	<b>\$124,188</b>	<b>\$123,277</b>
Current Level Services	111,495.51	121,652	124,188	123,277
<b>Total Service Costs</b>	<b>\$111,495.51</b>	<b>\$121,652</b>	<b>\$124,188</b>	<b>\$123,277</b>

#### Program Description

The Health Facilities Authority issues revenue bonds and notes to finance capital projects for public and private non-profit health facilities at borrowing rates below those otherwise available. Two types of programs are operated by the Authority: one to provide financing for individual facilities; and the other to satisfy the capital needs of a pool of institutions.

#### Budget Issues

The amount to be cut from this program totals \$3,800. This amount was achieved by program request decreases and proration of \$1,735 of cuts across out-of-state travel before positive adjustments were made. Increases for legal services, printing of a newsletter, increased maintenance contracts, organizational dues and registration fees for staff training were included.

**MT ECONOMIC DEVELOPMENT BOARD**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	7.00	7.00	7.00	7.00
Personal Services	214,589.36	232,084	236,084	235,918
Operating Expenses	98,951.26	128,748	105,025	104,001
Equipment	13,675.92	3,061	0	0
Transfers	189,041.87	0	0	0
Debt Service	1,794,817.94	0	0	0
<b>Total Program Costs</b>	<b>\$2,311,076.35</b>	<b>\$363,893</b>	<b>\$341,109</b>	<b>\$339,919</b>
General Fund	189,041.87	180,141	181,262	181,262
Proprietary Fund	2,122,034.48	183,752	159,847	158,657
<b>Total Funding Costs</b>	<b>\$2,311,076.35</b>	<b>\$363,893</b>	<b>\$341,109</b>	<b>\$339,919</b>
Current Level Services	2,311,076.35	363,893	341,109	339,919
<b>Total Service Costs</b>	<b>\$2,311,076.35</b>	<b>\$363,893</b>	<b>\$341,109</b>	<b>\$339,919</b>

**Program Description**

The Montana Economic Development Board is responsible for administering the Coal Tax Loan Program, the Montana Capital Companies Program, the Industrial Development Revenue Bond Program, and the Municipal Finance Program. The Montana Capital Companies Program encourages investment in venture capital firms (through a tax credit program). As a result, venture capital is made available in Montana. The Coal Tax Loan and Industrial Development Revenue Bond Programs assist Montana's small businesses in obtaining "long-term, fixed-rate" financing through private (Montana) lending institutions. The Municipal Finance Program provides short-term and intermediate-term financing to local governments at reduced costs.

**Budget Issues**

Federal tax reform has severely affected this program. Elimination of tax exempt status for many types of bonds will change the way the Montana Economic Development Board does business. Tax reform will affect the program's industrial revenue bond activity and the municipal bond pro-

grams. Program staff will have to analyze the impact of the changes and design new programs that will achieve program objectives.

The general fund four-year startup loan of \$150,000 is due to be repaid at fiscal year end 1987. Because the program pledged its industrial revenue bond reserve in a bond issue, the loan amount cannot be paid from that reserve until 2007. Language in the General Appropriations Act is recommended extending the loan through the 1989 biennium. This will allow the department to determine other means to repay the loan.

The recommended budget holds expenses to a level which can be funded by anticipated proprietary fund revenues plus general fund held to \$181,262 per year. This represents FY86 general fund appropriation authority minus the FY86 2% cut, minus 60% of the 5% FY87 cut, minus the general fund portion of this program's unfunded pay plan. Total general fund reduction is \$11,986. Administrative expenses in base year FY86 totalled \$327,217. Approved administrative increases in the 1989 biennium allow a total annual program increase of approximately \$14,000.

**SCIENCE & TECH DEVELOP. BD.**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	2.00	.00	5.00	6.00
Personal Services	83,814.10	0	162,888	190,020
Operating Expenses	57,214.88	0	89,373	99,869
Equipment	8,005.21	0	4,449	2,290
Grants	156,578.00	0	1,178,260	1,240,269
<b>Total Program Costs</b>	<b>\$305,612.19</b>	<b>\$0</b>	<b>\$1,434,970</b>	<b>\$1,532,448</b>
State Special Revenue Fund	305,612.19	0	1,362,421	1,427,388
Proprietary Fund	0.00	0	72,549	105,060
<b>Total Funding Costs</b>	<b>\$305,612.19</b>	<b>\$0</b>	<b>\$1,434,970</b>	<b>\$1,532,448</b>
Current Level Services	305,612.19	0	1,345,000	1,410,000
Modified Level Services	0.00	0	89,970	122,448
<b>Total Service Costs</b>	<b>\$305,612.19</b>	<b>\$0</b>	<b>\$1,434,970</b>	<b>\$1,532,448</b>

**Program Description**

The Montana Science and Technology Alliance was created by the 1985 Legislature to stimulate economic development in the state by providing financial support in the form of investments to organizations and companies seeking to develop technology-based businesses.

**Budget Issues**

Because the program request for current level operations was less than \$500 higher than the FY86 base expenditure level, no cut was made in operating authority.

The current level funding for this program increases by \$345,000 of coal severance tax funds in the Alternative Energy Research Development and Demonstration account. This additional authority has been budgeted so that 95% of the increase goes into grants and the remaining 5% increases travel, fixed costs and some additional office equipment.

#### Modification Requests

An additional 1.00 FTE administrative assistant is requested to assist in the increased workload resulting from the expanding funding and operational budget.

FY88 = \$ 17,421                      FY89 = \$ 17,388

Three additional FTE are requested to handle the increased activity that will result from implementing a Seed Capital Fund.

Proceeds from this fund will be used to make investments in seed and startup stage companies in Montana which are attempting to develop and market technology-based products and services. The

fund will be established with proceeds from a series of bond issues which would be secured by the Coal Trust Fund. The fund is expected to be \$5 million per biennium for the next three biennia, for a \$15 million total. Three FTE and related expenses are requested to adequately manage the fund. The positions would be two investment analysts and an accountant. One analyst and an accountant will be hired in FY88 and the second analyst in FY89.

FY88 = \$72,549                      FY89 = \$105,060

#### BOARD OF HOUSING Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988                      FY 1989	
Full Time Equivalent Employees	14.00	14.00	14.00	14.00
Personal Services	327,604.11	335,893	387,440	388,068
Operating Expenses	766,334.99	860,723	687,080	684,792
Equipment	16,563.62	800	0	0
Debt Service	53,153,825.04	0	0	0
<b>Total Program Costs</b>	<b>\$54,264,327.76</b>	<b>\$1,197,416</b>	<b>\$1,074,520</b>	<b>\$1,072,860</b>
Proprietary Fund	54,264,327.76	1,197,416	1,074,520	1,072,860
<b>Total Funding Costs</b>	<b>\$54,264,327.76</b>	<b>\$1,197,416</b>	<b>\$1,074,520</b>	<b>\$1,072,860</b>
Current Level Services	54,264,327.76	1,197,416	1,074,520	1,072,860
<b>Total Service Costs</b>	<b>\$54,264,327.76</b>	<b>\$1,197,416</b>	<b>\$1,074,520</b>	<b>\$1,072,860</b>

#### Program Description

The Montana Board of Housing, created by the Montana Housing Act of 1975, is an agency of the state and is within the Department of Commerce for administrative purposes. The Board is established to provide decent, safe and sanitary housing in the state within the financial capabilities of lower income persons and families. Public monies are made available through the issuance of revenue bonds to assist private enterprise and governmental agencies in meeting critical housing needs. The Board operates both single family and multifamily programs, administers federal housing programs at the state level, renders technical assistance, and conducts other activities which fulfill the program's legislative purpose.

#### Budget Issues

The staff level for this program increases by 1.00 FTE. The vacant deputy director position from the department's Director's Office program was transferred into this program to provide a deputy position there.

The total amount to be cut from this program is \$37,619. The base was reduced by the full amount. Foreclosure fees increased by approximately \$66,000 to cover increased foreclosure experience and new Veterans' Administration foreclosure requirements. Trustee and paying agent fees were held to base year expenditure levels.

Language should be included in the General Appropriations Act that if bonding activity increases in the 1989 biennium, a budget amendment may be requested to cover the additional bond service costs.

**LOTTERY DIVISION**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	43.78	43.78
Personal Services	0.00	0	1,075,327	1,081,419
Operating Expenses	0.00	0	4,054,695	4,023,124
Equipment	0.00	0	57,264	42,781
Local Assistance	0.00	0	2,696,605	2,724,042
Transfers	0.00	0	20,290,291	20,415,500
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$28,174,182</b>	<b>\$28,286,866</b>
State Special Revenue Fund	0.00	0	3,164,182	3,186,866
Proprietary Fund	0.00	0	25,010,000	25,100,000
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$28,174,182</b>	<b>\$28,286,866</b>
Current Level Services	0.00	0	28,174,182	28,286,866
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$28,174,182</b>	<b>\$28,286,866</b>

**Program Description**

The Lottery Division consists of three programs related to the promotion, regulation and enforcement of public gaming in Montana. The three programs include the Montana State Lottery, Electronic Poker, and the Board of Horse Racing.

The Montana State Lottery was created by the electorate through the passage of Referendum 100 during the 1986 general election. The enabling legislation for the lottery becomes effective on January 1, 1987 and creates a Lottery Commission which is responsible for adopting administrative rules related to the lottery. The legislation also creates a Lottery Director who is responsible for overseeing the operations of the Montana lottery. The commission is attached to the Department of Commerce for administrative purposes.

The Electronic Poker program is responsible for the licensing, testing, and investigation functions associated with the operation of video draw poker machines in the state.

The Board of Horse Racing is responsible for adopting rules to govern horserace meets and the parimutuel system in Montana. The rules adopted govern the licensing of all racing personnel, the establishment of dates for race meets, veterinary practices and standards in connection with race meets, auditing, supervision and investigations related to parimutuel racing in Montana.

**Budget Issues**

The lottery budget includes personal services costs for 35 FTE and operating costs for the lottery operation. Lottery revenues include estimated gross sales of \$30 per capita, with projected populations of 832,000 in FY88 and 835,000 in FY89, and projected annual license fee revenue of \$50,000.

Lottery prizes will be paid amounting to 45% of gross sales. Commissions for lottery ticket or chance sales agents will be paid totalling 5% of gross sales. Administrative expenses required to operate the lottery shall be determined and appropriated from the lottery enterprise fund by the legislature. The remainder of all gross revenue will be paid quarterly into the public school retirement equalization account in the Office of the Superintendent of Public Instruction. The FY88 amount will be reduced by the amount of the repayment of the startup general fund loan plus 10% interest.

**LOTTERY**

Revenues: Sales	\$24,960,000	\$25,050,000
Licenses	50,000	50,000
<b>TOTAL</b>	<b>25,010,000</b>	<b>\$25,100,000</b>
Prizes (45%)	\$11,254,500	11,295,000
Administration:		
Operating	3,469,209	3,429,500
Commissions (5%)	1,250,500	1,255,000
Public Retirement Aid	7,463,225	9,120,500
Repay General Fund	1,572,566	0
<b>TOTAL</b>	<b>\$25,010,000</b>	<b>\$25,100,000</b>

Electronic poker is transferred from the Department of Revenue into the Lottery Division. This transfers 4.00 FTE and an operating budget of \$212,784 in FY88 and \$214,948 in FY89. Legislation is being sought to continue to allow up to 5% of gross revenues for administration, with one-third of the remainder to the general fund and the remaining two-thirds transferred to the county or municipal treasuries of the cities or towns in which the licensed poker machines are located.

**ELECTRONIC  
POKER**

Revenues: Licenses	\$ 4,255,670	\$ 4,298,969
Administration:		
Operating	\$ 212,784	\$ 214,948
Counties	862,914	871,693
Cities/towns	1,833,691	1,852,349
General Fund	1,346,281	1,359,979
<b>TOTAL</b>	<b>\$ 4,255,670</b>	<b>\$ 4,298,969</b>

The Board of Horse Racing was transferred from the Professional and Occupational Licensing program into the Lottery Division. This reduced the P.O.L. program by 5.48 FTE and operating costs of the board. The budget totals \$254,793 in FY88 and \$247,876 in FY89. Significant increases in operating were requested due to the filling of the Executive Secretary position for the board - a position that was vacant during portions of the base year. In addition, inclusion of previously non-budgeted administrative support costs of the department in the board's budget further increases appropriation authority above base level.

**DIRECTOR'S OFFICE/MNGT SERVICE**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	27.70	24.20	25.20	25.20
Personal Services	773,913.05	671,997	686,117	685,731
Operating Expenses	202,776.57	152,876	235,247	162,970
Equipment	4,616.29-	0	4,225	3,142
<b>Total Program Costs</b>	<b>\$972,073.33</b>	<b>\$824,873</b>	<b>\$925,589</b>	<b>\$851,843</b>
General Fund	125,013.59	125,862	138,090	129,041
Proprietary Fund	847,059.74	699,011	787,499	722,802
<b>Total Funding Costs</b>	<b>\$972,073.33</b>	<b>\$824,873</b>	<b>\$925,589</b>	<b>\$851,843</b>
Current Level Services	972,073.33	824,873	889,955	822,742
Modified Level Services	0.00	0	35,634	29,101
<b>Total Service Costs</b>	<b>\$972,073.33</b>	<b>\$824,873</b>	<b>\$925,589</b>	<b>\$851,843</b>

**Program Description**

Director's Office - The Director's Office provides the department with executive, administrative, legal and policy guidance. This office acts as the liaison among private business, local governments, administratively attached boards and the Governor's office in the effort to improve and stabilize the economic climate in Montana.

Management Services Division - The Management Services Division provides internal support to all agency programs. The services provided include: budgeting, accounting, purchasing, contracting, personnel administration, payroll, training, and the analysis, development, maintenance and supervision of department data processing systems and hardware.

County Printing Board - The County Printing Board is responsible for setting maximum prices which may be charged for county printing and legal advertising. The only general fund in this program supports the County Printing Board.

**Budget Issues**

The staff level in this program increases by 5.00 FTE from FY86. The increase results from the elimination of the legal services program as a separate entity, the reassignment of 7.00 of its 8.50 FTE (5.00 into this program, 1.00 into the

Professional and Occupational Licensing Boards program, and 1.00 into the Local Government Services Division) and the elimination of 1.50 FTE.

The total amount to be cut from the base is \$27,898. This cut was achieved through lower than base program requests and some minor additional operating cuts. Increases in operating in FY88 reflect about \$37,000 of department-wide biennial audit costs increase.

**Modification Requests**

Passage of Referendum 100 results in the creation of the Lottery Division in the department. The addition of 35 new positions and several million dollars of financial activity requires the addition of an accounting technician position to the Management Services portion of this program.

FY88 = \$ 20,151

FY89 = \$ 18,618

Contracted services authority is added to the legal services portion of this program to provide temporary assistance for administration of the lemon law. Originally, the legislature added .50 FTE to the old legal services program for this function, but never adequately funded the position so that it could be filled. The .50 FTE was eliminated during department-wide pay plan cuts.

FY88 = \$ 15,483

FY89 = \$ 10,483

**LEGAL SERVICES**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	750.00	0	0	0
Operating Expenses	325.00	0	0	0
Equipment	6,500.00-	0	0	0
<b>Total Program Costs</b>	<b>\$5,425.00-</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Proprietary Fund	5,425.00-	0	0	0
<b>Total Funding Costs</b>	<b>\$5,425.00-</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	5,425.00-	0	0	0
<b>Total Service Costs</b>	<b>\$5,425.00-</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Description**

The staff of the Legal Services Program provide legal support for the department and its administratively attached boards. The Consumer Affairs Bureau staff provide enforcement of the consumer protection laws and Unfair Practices Act as a separate entity within this program. In addition,

program staff establish minimum criteria for the licensing of proprietary post-secondary schools.

**Budget Issues**

This program was eliminated during departmental reorganization in FY87. Seven of the 8.50 FTE were transferred to



other programs within the department, 1.50 FTE were eliminated. The consumer protection function and the public

contractors' licensing function added in the 1985 Session are now administered from the Director's Office.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	614.67	610.40	594.40	594.40
Personal Services	13,861,092.45	14,565,120	14,584,641	14,578,397
Operating Expenses	4,260,265.65	4,187,146	6,888,862	6,785,548
Equipment	736,508.56	506,559	272,536	238,636
Capital Outlay	66,357.14	0	65,000	170,540
Grants	8,198,826.43	7,514,000	8,582,483	8,911,622
<b>Total Agency Costs</b>	<b>\$27,123,050.23</b>	<b>\$26,772,825</b>	<b>\$30,393,522</b>	<b>\$30,684,743</b>
General Fund	1,335,930.61	997,250	1,073,604	1,071,901
State Special Revenue Fund	3,250.00	3,250	4,000	4,000
Federal & Other Spec Rev Fund	25,782,560.62	25,768,825	26,695,924	27,066,701
Proprietary Fund	1,309.00	3,500	2,619,994	2,542,141
<b>Total Funding Costs</b>	<b>\$27,123,050.23</b>	<b>\$26,772,825</b>	<b>\$30,393,522</b>	<b>\$30,684,743</b>
Current Level Services	25,849,836.77	26,772,825	29,376,203	29,649,242
Modified Level Services	1,273,213.46	0	1,017,319	1,035,501
<b>Total Service Costs</b>	<b>\$27,123,050.23</b>	<b>\$26,772,825</b>	<b>\$30,393,522</b>	<b>\$30,684,743</b>

#### Agency Description

The Department of Labor and Industry provides employment and training assistance; enforces state and federal labor laws and health-safety laws; works to eliminate discriminatory employment practices, and administers state collective bargaining, workers' compensation, unemployment insurance, Job Training Partnership Act and General Assistance programs. The department consists of the office of the Commissioner; the Job Service Division; the Employment Relations Division; the Unemployment Insurance Division; the Employment Policy Division; and the Centralized Services Division. The Human Rights Division is also attached to the department for administrative purposes.

#### Budget Issues

The Governor approved a reorganization of the Department of Labor and Industry in FY86 reflecting management efficiencies resulting in savings for the department.

Previous to reorganization, the Department of Labor and Industry and the Department of Employment Services each had four programs.

Labor and Industry	Employment Services
1. Commissioner of Labor and Industry	1. Job Service
2. Labor Standards Division	2. Unemployment Insurance
3. Appeals Division	3. Centralized Services
4. Human Rights Division	4. Job Training Partnership Act (JTPA)

Through the reorganization, all of the above programs were transferred and/or combined to form a new agency called

Labor and Industry/Employment Services. The reorganization resulted in the following program structure.

1. Commissioner of Labor and Industry
2. Human Rights Division
3. Job Service
4. Unemployment Insurance
5. Centralized Services
6. Job Training Partnership Act (JTPA)
- \*7. Employment Relations Division
  - a. Labor Standards
  - b. Appeals Division
- \*8. Employment Policy Division
  - a. Labor Standards
- \* Two new programs were created by combining parts of other programs.

The 1986 March Special Session passed House Bill 12 requiring the Department of Labor and Industry and Social and Rehabilitation Services to cooperate in assisting general assistance clients to obtain employment. Failure to participate in the program means a loss of eligibility for General Assistance.

Language in the appropriation bill will set up a general fund administrative appropriation for the SRS budget for the 1989 biennium, giving Labor authority to spend funds, but will not be reflected in the Labor budget table above.

**JOB SERVICE DIVISION**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	342.00	343.00	338.00	338.00
Personal Services	7,678,829.46	8,126,215	8,188,336	8,183,656
Operating Expenses	1,782,289.59	1,546,448	2,891,502	2,885,200
Equipment	375,525.43	356,809	156,506	156,506
Capital Outlay	17,036.54	0	65,000	170,540
Grants	16,687.39	80,000	20,000	20,000
<b>Total Program Costs</b>	<b>\$9,870,368.41</b>	<b>\$10,109,472</b>	<b>\$11,321,344</b>	<b>\$11,415,902</b>
Federal & Other Spec Rev Fund	9,870,368.41	10,109,472	11,321,344	11,415,902
<b>Total Funding Costs</b>	<b>\$9,870,368.41</b>	<b>\$10,109,472</b>	<b>\$11,321,344</b>	<b>\$11,415,902</b>
Current Level Services	9,870,368.41	10,109,472	11,321,344	11,415,902
<b>Total Service Costs</b>	<b>\$9,870,368.41</b>	<b>\$10,109,472</b>	<b>\$11,321,344</b>	<b>\$11,415,902</b>

**Program Description**

The Job Service Program is provided for in section 39-51-307, MCA, and the federal Wagner Peyser Act of 1934. The main purpose of Job Service is to act as a labor exchange between employers and job applicants. The Division meets this goal by providing referrals to job openings, soliciting job orders and providing training for unemployed, under-employed and economically disadvantaged people.

The Work Incentive Program and the Job Training Partnership Act provide most of the funding for these training programs.

The Job Service also provides training on how to find and hold your own job, and does employment counseling. We are currently significantly increasing the amount of aptitude testing we do and are making more referrals based on aptitude instead of just experience.

**Budget Issues**

The 1987 biennium legislature authorized 359 FTE in FY86 and 360 FTE in FY87 for the Job Service Division. In FY86 3.0 FTE were permanently moved to Workers Compensation Division. In addition, through reorganization, the division was reduced by 14 FTE as the result of moving the JTPA training function to the new Employment Policy Division.

Due to reductions in pay plan funding in FY87, 5.0 FTE were deleted from the program.

Operating expenses increase approximately \$1 million due to a change in the method of handling program contributions to the internal indirect cost supported services. This allows for a proper tracking of funds within SBAS. All funds contribute in an equitable manner.

Included in the equipment recommendation is the updating of telephone systems and the upgrading and replacing of data processing equipment in local offices. The division office anticipates the purchase of a data base package to automate manual functions and become more efficient.

Projects recommended in the capital outlay are weatherization, remodeling and general repair of local offices and specific repairs to the Great Falls office.

The budget office recommends language be continued in the appropriation bill as it has been written in the past. The statement should be: Job Service budget includes federal spending authority for current level operations of all existing job service offices. If federal funds are less than these amounts, the Department may supplement federal funds with state unemployment assessments as provided in section 39-51-404(4), MCA.

**UNEMPLOYMENT INSURANCE**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	94.90	93.90	88.90	88.90
Personal Services	1,899,696.13	1,987,238	1,956,011	1,955,257
Operating Expenses	745,967.36	574,618	1,512,184	1,486,982
Equipment	197,996.92	83,923	54,930	54,930
Capital Outlay	49,320.60	0	0	0
<b>Total Program Costs</b>	<b>\$2,892,981.01</b>	<b>\$2,645,779</b>	<b>\$3,523,125</b>	<b>\$3,497,169</b>
Federal & Other Spec Rev Fund	2,892,981.01	2,645,779	3,523,125	3,497,169
<b>Total Funding Costs</b>	<b>\$2,892,981.01</b>	<b>\$2,645,779</b>	<b>\$3,523,125</b>	<b>\$3,497,169</b>
Current Level Services	2,843,660.41	2,645,779	3,523,125	3,497,169
Modified Level Services	49,320.60	0	0	0
<b>Total Service Costs</b>	<b>\$2,892,981.01</b>	<b>\$2,645,779</b>	<b>\$3,523,125</b>	<b>\$3,497,169</b>

**Program Description**

The Unemployment Insurance Program is provided for in Section 39-51-307, MCA, and in Section 903 of the Social Security Act. Program staff collect unemployment taxes and provide unemployment insurance benefits to unemployed persons in accordance with state and federal laws.

**Budget Issues**

The FTE level authorized by the legislature for FY86 was 93.90. There was an increase of 1.0 FTE in FY86 due to the

transfer of a Statistical Clerk II and the Unemployment Insurance federal function from Centralized Services Division. The decrease of 6.0 FTE in the 1989 biennium reflects reductions due to the FY87 unfunded pay plan.

The increase of \$800,000 in operating expenditures is due to a change in the method of handling program contributions to the internal indirect cost supported services. This allows for a proper tracking of funds within SBAS. All funds contribute in an equitable manner.

Equipment purchases recommended include replacement of outdated terminals in the Benefits and Tax bureau, multi-

user software to provide networking capabilities and software upgrades for spreadsheets, project management and wordprocessing.

The budget office recommends language be continued in the appropriation bill as it has been written in the past. The statement should be: Job Service budget includes federal spending authority for current level operations of all existing job service offices. If federal funds are less than these amounts, the Department may supplement federal funds with state unemployment assessments as provided in section 39-51-404(4), MCA.

#### CENTRALIZED SERVICE ADMIN Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	72.10	69.00	66.00	66.00
Personal Services	1,568,657.64	1,723,349	1,698,371	1,697,440
Operating Expenses	699,989.05	844,154	726,035	672,432
Equipment	105,065.24	5,000	35,700	12,200
<b>Total Program Costs</b>	<b>\$2,373,711.93</b>	<b>\$2,572,503</b>	<b>\$2,460,106</b>	<b>\$2,382,072</b>
Federal & Other Spec Rev Fund	2,373,711.93	2,572,503	0	0
Proprietary Fund	0.00	0	2,460,106	2,382,072
<b>Total Funding Costs</b>	<b>\$2,373,711.93</b>	<b>\$2,572,503</b>	<b>\$2,460,106</b>	<b>\$2,382,072</b>
Current Level Services	2,373,711.93	2,572,503	2,460,106	2,382,072
<b>Total Service Costs</b>	<b>\$2,373,711.93</b>	<b>\$2,572,503</b>	<b>\$2,460,106</b>	<b>\$2,382,072</b>

#### Program Description

The Centralized Services Program staff provide accounting, budgeting, data processing, personnel, and general services for the various functions of the Department of Labor and Industry.

#### Budget Issues

The budget for this division reflects several changes, including reorganization and a change in funding.

FY86 personal services is lower than the authorized amount due to positions left vacant.

The 1985 Legislature authorized 126 FTE each year for the Centralized Services Division. In FY86, 6.90 FTE were transferred to the Workers' Compensation Division to help with increases in workload. Through reorganization, the division reduced 22 FTE in the Research and Analysis Bureau by moving that number to Employment Policy Division. The 25.0 FTE in the Audit Bureau moved into Employment Relation Bureau. FY87 reflects 4.10 FTE

transferred to Workers' Compensation and a reduction of 2.0 FTE to cover pay plan cutbacks.

Overall reductions in operating are due to the transfer of the Audit and Research and Analysis Bureaus out of the program. Utilities will now be included in the rent payment to Department of Administration, General Services Division. The rental rate will also include janitorial and security services, garbage removal and water and sewage expenses.

Equipment recommendations include replacement of terminals in the Data Processing Bureau, purchase of dictaphones, one transcriber, and duplicating equipment to enable multi-copying and additional collating.

To resolve an audit recommendation and to improve reporting for users of our Statewide Budgeting and Accounting System reports (SBAS), the Department of Labor and Industry changed the fund from which Centralized Services Division and the Commissioner's Office are operated. The change from Federal and Private Special Revenue fund to the Proprietary fund will provide for complete reporting of total cost of operating this program in the SBAS reports.

EMPLOYMENT RELATIONS  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	49.00	49.00	47.50	47.50
Personal Services	1,269,116.37	1,316,334	1,303,872	1,304,251
Operating Expenses	337,917.06	413,244	430,674	425,076
Equipment	18,175.00	44,327	6,900	0
<b>Total Program Costs</b>	<b>\$1,625,208.43</b>	<b>\$1,773,905</b>	<b>\$1,741,446</b>	<b>\$1,729,327</b>
General Fund	643,128.28	651,695	621,252	623,490
State Special Revenue Fund	3,250.00	3,250	4,000	4,000
Federal & Other Spec Rev Fund	977,521.15	1,115,460	1,112,694	1,098,337
Proprietary Fund	1,309.00	3,500	3,500	3,500
<b>Total Funding Costs</b>	<b>\$1,625,208.43</b>	<b>\$1,773,905</b>	<b>\$1,741,446</b>	<b>\$1,729,327</b>
Current Level Services	1,625,208.43	1,773,905	1,741,446	1,729,327
<b>Total Service Costs</b>	<b>\$1,625,208.43</b>	<b>\$1,773,905</b>	<b>\$1,741,446</b>	<b>\$1,729,327</b>

**Program Description**

The Employment Relations Division includes the five member Board of Personnel Appeals, the three member Board of Labor Appeals and three Bureaus, Audit, Appeals and Investigations.

The Board of Personnel Appeals, through the Appeals Bureau, administers the Montana Collective Bargaining Act and the Nurses Employment Practices Act. It also hears classification appeals for State Government employees and hears grievances for employees in the Department of Highways and Fish, Wildlife and Parks.

The Board of Labor Appeals, through the Appeals Bureau, hears disputes concerning the administration of Montana's Unemployment Insurance laws.

The Audit Bureau performs auditing and other special services for the Department of Labor and Industry. The audits confirm the accuracy of premiums (Workers' Compensation Fund) paid to the respective funds based on employment earnings reportable to them.

**Budget Issues**

The creation of the Employment Relations Bureau in a reorganization of the Department of Labor and Industry, accounts for the differences between FY86 and the 1989 biennium budget. The Audit Bureau and 25.0 FTE were transferred to this new program. The Board of Labor Appeals and the Board of Personnel Appeals make up the remaining 22.5 FTE. The Labor Standards and Personnel Appeals programs have been deleted.

The recommended equipment of two personal computers and software for the audit tracking system will complete the automation of the Audit Bureau.

General fund provides for rate making rules under the prevailing wage law. Funding includes expenses for hearings, enforcement and the publishing of the rules. In addition, general fund supports a major portion of the Board of Personnel Appeals and wage claims enforcement.

EMPLOYMENT POLICY DIVISION  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	41.00	41.00	41.00	41.00
Personal Services	1,026,568.28	1,016,362	1,062,530	1,061,871
Operating Expenses	591,112.65	700,274	1,143,815	1,115,800
Equipment	39,235.97	16,500	18,500	15,000
<b>Total Program Costs</b>	<b>\$1,656,916.90</b>	<b>\$1,733,136</b>	<b>\$2,224,845</b>	<b>\$2,192,671</b>
General Fund	194,530.84	4,547	19,567	0
Federal & Other Spec Rev Fund	1,462,386.06	1,728,589	2,205,278	2,192,671
<b>Total Funding Costs</b>	<b>\$1,656,916.90</b>	<b>\$1,733,136</b>	<b>\$2,224,845</b>	<b>\$2,192,671</b>
Current Level Services	1,656,916.90	1,733,136	2,224,845	2,192,671
<b>Total Service Costs</b>	<b>\$1,656,916.90</b>	<b>\$1,733,136</b>	<b>\$2,224,845</b>	<b>\$2,192,671</b>

**Program Description**

The Employment Policy Division (EPD) provides overall employment and training policy/planning functions for the Department of Labor and Industry. Two Bureaus support the Division as follows:

1. Apprenticeship & Training Bureau administers the apprenticeship program (Section 39-6-101, MCA) and the Job Training Partnership Act (JTPA) program. JTPA provides training opportunities for economically

disadvantaged people, including unskilled adults, youth and dislocated workers. The Bureau also administers related training programs, such as displaced homemakers, Project Work for able-bodied general assistance recipients, dislocated farm workers, etc.

The Bureau operates as staff for the Job Training Coordinating Council, the Concentrated Employment Program and the Balance-of-State Local Government Job Training Advisory Council by presenting information and evaluations which assist councils in awarding

subgrants to program operators. The Bureau awards and monitors subgrants as directed by PIC's. The Bureau develops and monitors apprenticeship programs.

2. Research & Analysis Bureau develops data and statistics related to employment, conducts surveys and studies with contracting agencies and charts employment trends in the state.

The Bureau is funded by agency (example: Unemployment Insurance, JTPA, Bureau of Labor Statistics) to provide information ranging from unemployment rates to monthly surveys to calculations such as the average weekly wage to publications.

The Bureau enters into a contract with each funding agency and agrees to provide the necessary information within budget and time limits.

#### Budget Issues

The creation of the Employment Policy Division in a reorganization of the Department of Labor and Industry, accounts for the differences between FY86 and the 1989 biennium budget. The JTPA training function and 14.0 FTE were transferred from the Job Service Division to this pro-

gram. In addition, the Research and Analysis Bureau and 22.0 FTE moved from Centralized Services. The Apprenticeship Bureau represents the remaining 5.0 FTE moved from Labor Standards, which has since been abolished.

Included in the recommended equipment is a personal computer system with telecommunications features to meet Federal specifications.

A one-time purchase of an Occupational Projections and Matrix Application for \$10,000 will eliminate an annual contract with the State of Utah for the same amount. The purchase is in FY89 only.

General fund in the recommended budget represents the cost of processing and printing the prevailing wage survey in FY88. This survey will identify the prevailing wage rates to be used in FY89 and FY90 for public works projects for state and local governments.

The June Special Session voted to switch funding of the Apprenticeship Bureau (totaling \$154,793), and a portion of the costs of a 1.0 FTE administrator position (totaling \$20,000), from general fund to unemployment insurance penalty and interest funds. In the past the penalty and interest funds were deposited in the Unemployment Insurance Trust Fund.

#### HUMAN RIGHTS DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	10.50	10.50	9.00	9.00
Personal Services	242,898.79	258,604	235,712	235,959
Operating Expenses	74,922.24	79,036	77,164	74,361
Equipment	510.00	0	0	0
<b>Total Program Costs</b>	<b>\$318,331.03</b>	<b>\$337,640</b>	<b>\$312,876</b>	<b>\$310,320</b>
General Fund	207,051.00	216,008	216,876	214,320
Federal & Other Spec Rev Fund	111,280.03	121,632	96,000	96,000
<b>Total Funding Costs</b>	<b>\$318,331.03</b>	<b>\$337,640</b>	<b>\$312,876</b>	<b>\$310,320</b>
Current Level Services	318,331.03	337,640	312,876	310,320
<b>Total Service Costs</b>	<b>\$318,331.03</b>	<b>\$337,640</b>	<b>\$312,876</b>	<b>\$310,320</b>

#### Program Description

The Human Rights Commission is provided for in Section 2-15 1706, MCA, and is allocated to the Department of Labor and Industry for administrative purposes. The Commission is charged with enforcing the Montana Human Rights Act (Title 49, chapter 2, MCA) and the Governmental Code of Fair Practices (Title 49, chapter 3, MCA). These laws prohibit discrimination on the basis of race, creed, religion, color, national origin, age, handicap, marital status, sex and political belief in the areas of employment, public accommodations, housing, financial and credit transactions, insurance, education and government services. The Commission is a neutral, quasi-judicial board. Its staff, the Human Rights Division, conducts impartial investigations and attempts to resolve complaints through mediation and conciliation. If complaints cannot be resolved by the staff, contested hearings are conducted by the Commission, usually utilizing a staff hearing examiner. The Commission also has responsibility for educational programs designed to eliminate discrimination.

Of the complaints filed, 35% allege violation of only state law while 65% allege violation of both federal and state law. In order to eliminate duplication of enforcement, the Com-

mission has worksharing agreements with two federal enforcement agencies, the Equal Employment Opportunity Commission and the Department of Housing and Urban Development. These federal agencies reimburse the Commission a portion of the costs of processing cases which fall under both state and federal law.

#### Budget Issues

The Human Rights Division reduced current level Personal Services by 1.50 FTE, one Human Rights Officer I and a .50 Human Rights Officer II. The FY86 budget is lower than appropriated as positions were left vacant to absorb vacancy savings.

Operating expenses reflect increases in FY88 and FY89. The budget office recommends the microfilming of documents from case files closed in prior years. The request is to microfilm and then shred 30,000 files in FY88 and 5,000 files in FY89.

Division rent increases \$832 each year of the biennium due to relocation to another facility in FY86. An additional \$1,600 each year in maintenance contracts is included for computer equipment donated to the division in FY86 by the Equal Employment Opportunity Commission.

The division anticipates a loss of federal funds in the 1989 biennium because a higher proportion of new cases filed with the commission allege a violation of state law only. The only cases which receive cost sharing funds are those cases alleging violations of both state and federal employ-

ment discrimination law. The budget office recommends a line item in the appropriation bill to say any federal funds received for the Human Rights Division shall replace general fund money.

COMMISSIONER Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	4.00	4.00	4.00	4.00
Personal Services	154,604.80	137,018	139,809	139,963
Operating Expenses	27,704.35	29,372	16,579	16,606
<b>Total Program Costs</b>	<b>\$182,309.15</b>	<b>\$166,390</b>	<b>\$156,388</b>	<b>\$156,569</b>
Federal & Other Spec Rev Fund	182,309.15	166,390	0	0
Proprietary Fund	0.00	0	156,388	156,569
<b>Total Funding Costs</b>	<b>\$182,309.15</b>	<b>\$166,390</b>	<b>\$156,388</b>	<b>\$156,569</b>
Current Level Services	182,309.15	166,390	156,388	156,569
<b>Total Service Costs</b>	<b>\$182,309.15</b>	<b>\$166,390</b>	<b>\$156,388</b>	<b>\$156,569</b>

#### Program Description

The staff of the Commissioner's Office are responsible for the overall administration of the Department of Labor and Industry. This includes assuring that departmental objectives are met by providing program direction, managing human and financial resources, administering merit tests and representing the department on legislative matters.

#### Budget Issues

The Commissioner's Office current level budget decreases in the 1989 biennium in personal services due to the pay out

of accumulated vacation and sick leave to the previous commissioner in FY86.

Operating expenses decrease as the \$16,635 recharges and operating expenses in FY86 are no longer reflected in this budget. The funding source for indirect costs, used to operate the Commissioner's Office and Centralized Services programs, changes from federal special revenue to the proprietary fund. The purpose of the change is to eliminate the double recording of expenditures and improve reporting for users of SBAS reports.

JOB TRAINING PARTNERSHIP ACT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	1.17	.00	.00	.00
Personal Services	20,720.98	0	0	0
Operating Expenses	363.35	0	0	0
Grants	8,182,139.04	7,434,000	8,562,483	8,891,622
<b>Total Program Costs</b>	<b>\$8,203,223.37</b>	<b>\$7,434,000</b>	<b>\$8,562,483</b>	<b>\$8,891,622</b>
General Fund	291,220.49	125,000	125,000	125,000
Federal & Other Spec Rev Fund	7,912,002.88	7,309,000	8,437,483	8,766,622
<b>Total Funding Costs</b>	<b>\$8,203,223.37</b>	<b>\$7,434,000</b>	<b>\$8,562,483</b>	<b>\$8,891,622</b>
Current Level Services	6,979,330.51	7,434,000	7,636,073	7,965,212
Modified Level Services	1,223,892.86	0	926,410	926,410
<b>Total Service Costs</b>	<b>\$8,203,223.37</b>	<b>\$7,434,000</b>	<b>\$8,562,483</b>	<b>\$8,891,622</b>

#### Program Description

The Job Training Partnership Act (JTPA) Subgrant program is administered by Labor and Industry - Employment Policy Division. These JTPA grants are federal funds that are passed through to state agencies and private, non-profit organizations that provide these training programs.

#### Budget Issues

Personal services and operating expenses in FY86 reflect the administrative support of budget amendment #0206, which provided training and services to laid off copper workers.

General fund represents only \$125,000 each year of the 1989 biennium for the Displaced Homemaker program. The difference in this funding from FY86 is due to a vote of the

June Special Session Legislature to replace \$209,000 of general fund with unemployment insurance penalty and interest funds previously deposited in the Unemployment Insurance Trust Fund. The amounts transferred were \$84,000 for pre-employment training and \$125,000, for dislocated worker program, which is matched by federal (JTPA) funds.

#### Modification Requests

Summer Youth Training - This federal program supports and assists Montana employers in providing jobs for economically disadvantaged youth by providing a salary match. The program recruits youth for summer employment in non-profit agency job-sites and on the job training.

Cost: FY88 - \$926,410

FY89 - \$926,410

GENERAL ASSISTANCE TRAINING  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	0.00	0	90,909	109,091
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$90,909</b>	<b>\$109,091</b>
General Fund	0.00	0	90,909	109,091
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$90,909</b>	<b>\$109,091</b>
Modified Level Services	0.00	0	90,909	109,091
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$90,909</b>	<b>\$109,091</b>

**Program Description**

The purpose of this program is to provide initial child care assistance to former Aid to Families with Dependent Children (AFDC) clients who are employed and to provide information as to the program's impact on successful employment of AFDC clients.

**Budget Issues**

The Employment Policy Division, with oversight by the Job Training Coordinating Council (JTCC), will contract with 2 or 3 sites to serve 60 to 100 families per year. Benefits will

be on an as-needed basis, not to exceed \$200 per month per child up to the first four months of employment.

The program will be funded by \$200,000 general fund for the biennium and will begin September 1, 1987. The funding will be \$90,909 for FY88 and \$109,091 in FY89.

No administrative costs will be taken by the Department of Labor. Subcontractors' administrative costs will be limited to 10% to cover the additional follow-up activities required to evaluate the program's impact on continued employment of recipients. Follow-up on each recipient will be required until the end of the biennium, rather than the normal three month departmental requirement.



Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	183.90	188.00	199.50	199.50
Personal Services	3,919,516.47	3,805,249	4,478,602	4,485,131
Operating Expenses	2,310,858.29	2,396,055	2,882,042	2,777,401
Equipment	155,671.34	133,445	214,369	127,540
Benefits and Claims	1,054,763.82	1,187,678	1,011,448	986,046
Transfers	557,077.23	190,304	68,751	491,891
<b>Total Agency Costs</b>	<b>\$7,997,887.15</b>	<b>\$7,712,731</b>	<b>\$8,655,212</b>	<b>\$8,868,009</b>
General Fund	99,977.91	100,791	657,444	632,029
State Special Revenue Fund	7,773,879.26	7,388,959	7,873,319	8,111,104
Federal & Other Spec Rev Fund	124,029.98	222,981	124,449	124,876
<b>Total Funding Costs</b>	<b>\$7,997,887.15</b>	<b>\$7,712,731</b>	<b>\$8,655,212</b>	<b>\$8,868,009</b>
Current Level Services	7,997,887.15	7,712,731	7,976,577	8,357,745
Modified Level Services	0.00	0	678,635	510,264
<b>Total Service Costs</b>	<b>\$7,997,887.15</b>	<b>\$7,712,731</b>	<b>\$8,655,212</b>	<b>\$8,868,009</b>

**Agency Description**

The Workers' Compensation Division is provided for in Section 2 15-1702, MCA. Division staff administer the Workers' Compensation Act, along with several related statutes. Staff responsibilities include: the administration of the

State Compensation Insurance Fund; the monitoring of claims handled by private insurance carriers and self-insurers; the administration of state industrial safety and health laws; and the referral of disabled workers to rehabilitation programs.

ADMINISTRATION PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	39.00	40.00	39.50	39.50
Personal Services	861,929.61	884,851	926,713	927,865
Operating Expenses	598,104.42	479,069	667,572	510,420
Equipment	50,432.74	3,620	46,804	42,393
Transfers	0.00	0	9,962	431,338
<b>Total Program Costs</b>	<b>\$1,510,466.77</b>	<b>\$1,367,540</b>	<b>\$1,651,051</b>	<b>\$1,912,016</b>
State Special Revenue Fund	1,478,665.60	1,332,401	1,617,951	1,878,947
Federal & Other Spec Rev Fund	31,801.17	35,139	33,100	33,069
<b>Total Funding Costs</b>	<b>\$1,510,466.77</b>	<b>\$1,367,540</b>	<b>\$1,651,051</b>	<b>\$1,912,016</b>
Current Level Services	1,510,466.77	1,367,540	1,414,768	1,782,891
Modified Level Services	0.00	0	236,283	129,125
<b>Total Service Costs</b>	<b>\$1,510,466.77</b>	<b>\$1,367,540</b>	<b>\$1,651,051</b>	<b>\$1,912,016</b>

**Program Description**

The Administration Program staff are responsible for providing management and support services to the division.

**Budget Issues**

Administration personal services reflects a division reorganization including the transfer of 1.0 FTE from Safety to serve as clerical support to the administrator. In FY87 this position was moved to Insurance Compliance for clerical support to assure timely response to settlement orders. 2.0 FTE were also transferred to the State Insurance Fund.

The 2.0 FTE transferred to the State Insurance Fund, Policy Services Section, allows implementation of work modules responsible to cover all employers in the 4 geographic areas of the state.

Current level operating expenses decrease 29% from FY86 specifically in contracted services due to a one time expense

of \$208,000. Information systems development and computer processing costs have decreased as the computer system is in final stages of implementation.

The department rent increases as additional parking spaces are needed to accommodate new FTE. Twenty spaces will be leased from the City of Helena at a cost of \$3,480 each year. Rent of a copier for \$7542 each year of the biennium from Publications and Graphics is recommended.

Communications increases \$6,300 from FY86, to cover the cost of Small Business Clinic mailings and a one time purchase of a \$9,485 telephone stacker to increase incoming call capacity.

Recommended equipment includes \$31,209 in FY88 for the purchase of additional main memory for the existing computer system. In FY89, \$2,200 is recommended for a word processing/data processing workstation in the accounting section. Various software packages are recommended in

FY89 to upgrade and allow for overall management and exchange of data between personal computers and the main system.

Federal funding from the Occupational Safety and Health Act (OSHA) provides statistics on workplace accidents to OSHA, and surveys industries to identify and target areas for OSHA supervision.

#### Modification Requests

Computer System - This office recommends funds to complete the development of the computer system now in the final stages of implementation.

Cost: FY88 - \$181,000 FY89 - \$75,000

Programmer Analyst/Mail Clerk - The recommendation for 1.50 FTE will assist the division in the automation of identifying uninsured employers in a variety of sources, generate management information reports and assist with increased incoming mail.

Cost: FY88 - \$37,742 FY89 - \$36,607

Legal Secretary - This position and 2.0 FTE attorney positions in the State Insurance Fund were approved by the 1985 Legislature on a "sunset" basis. If the attorney positions are approved to continue, it will be necessary for continued secretarial support for the division legal staff.

Cost: FY88 - \$17,541 FY89 - \$17,518

#### STATE INSURANCE FUND Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	85.90	88.00	98.00	98.00
Personal Services	1,720,713.35	1,592,364	2,093,465	2,093,864
Operating Expenses	1,380,665.02	1,540,999	1,723,658	1,786,345
Equipment	37,629.41	35,578	110,641	56,550
<b>Total Program Costs</b>	<b>\$3,139,007.78</b>	<b>\$3,168,941</b>	<b>\$3,927,764</b>	<b>\$3,936,759</b>
State Special Revenue Fund	3,139,007.78	3,168,941	3,927,764	3,936,759
<b>Total Funding Costs</b>	<b>\$3,139,007.78</b>	<b>\$3,168,941</b>	<b>\$3,927,764</b>	<b>\$3,936,759</b>
Current Level Services	3,139,007.78	3,168,941	3,588,464	3,651,557
Modified Level Services	0.00	0	339,300	285,202
<b>Total Service Costs</b>	<b>\$3,139,007.78</b>	<b>\$3,168,941</b>	<b>\$3,927,764</b>	<b>\$3,936,759</b>

#### Program Description

The State Insurance Fund Program staff operate and administer the State Insurance Fund. They enroll employers, establish premium rates and pay claims to industrially injured workers.

#### Budget Issues

The State Insurance Fund was appropriated 76.25 FTE each year of the 1987 biennium. Through reorganization 2.0 FTE were transferred from Administration to assist in handling all aspects of employer's workers' compensation insurance requirements. A .25 FTE clerical position was moved to the division in error and was deleted. 7.90 FTE were transferred from the Department of Labor's Job Service and Centralized Services Divisions, to address the increase in workload.

In FY87, 4.10 FTE were transferred from the Centralized Services Division. Since program transfers are not reflected in FY87 FTE amounts, the 2.0 FTE transferred from Administration in FY86 are not reflected.

Contracted services reflects numerous increases in expenditures in the 1989 biennium. Re-insurance coverage increases to \$242,109 each year. Considering the current level of unfunded liability, the department cannot risk a catastrophe without improving its re-insurance position.

The division is required by statute to be a member of a national rating organization which costs \$262,500 in FY88 and \$275,624 in FY87. In addition, three specialty consultants will be hired to provide expert information used in claims management practices and payment of medical benefits. They are from medical, chiropractic and physical therapy professions.

Operating costs of the recently implemented computer system will increase from FY86 by 37% in FY88 and 44% in FY89. The objective of the division, with the help of the computer system, is to maintain levels of service within the statutory requirements.

Many of the division vehicles are reaching high mileage and vehicles are being kept longer than in the past. Additional repair and maintenance is included in the budget to accommodate anticipated expenses.

The Executive Budget recommends replacing 2 passenger cars in FY88. If additional vehicles are recommended through the legislative process, the appropriation bill should line item the expense to vehicles only.

Due to the recently implemented computer system, additional terminals are needed to access the information. Ten terminals are recommended to be replaced in FY88 and 14 terminals purchased in FY89. One personal computer each year, at \$8,000 each, are needed to automate manual processes in policy services and for the reserve analyst to calculate reserves automatically. Software purchase of \$2,975 in FY88 will allow the personal computers to access and exchange data with other networks.

#### Modification Requests

Workload Increase - Several areas managed by the State Insurance Fund have seen significant workload increases in the 1987 biennium. A total of 10.0 FTE are recommended.

One additional claims examiner is requested to help with the review and processing of claims. Six field representatives will provide additional contact with injured employees and investigate claims. A 1.00 FTE clerical position will provide support for the field unit.

Two attorneys and supporting operational budget funds are being requested. These positions were approved by the 1985 Legislature on a "sunset" basis. Due to the increasing com-

plexity of issues and litigation, this office recommends continuing this legal staff.

Cost: FY88 - \$339,300      FY89 - \$285,202

#### INSURANCE COMPLIANCE PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	34.00	34.00	37.00	37.00
Personal Services	697,515.12	683,581	780,694	780,779
Operating Expenses	187,986.55	196,077	303,551	296,808
Equipment	39,302.84	59,280	33,700	4,100
Benefits and Claims	1,054,763.82	1,187,678	1,011,448	986,046
Transfers	557,077.23	190,304	58,789	60,553
<b>Total Program Costs</b>	<b>\$2,536,645.56</b>	<b>\$2,316,920</b>	<b>\$2,188,182</b>	<b>\$2,128,286</b>
General Fund	99,977.91	100,791	657,444	632,029
State Special Revenue Fund	2,436,667.65	2,066,129	1,530,738	1,496,257
Federal & Other Spec Rev Fund	0.00	150,000	0	0
<b>Total Funding Costs</b>	<b>\$2,536,645.56</b>	<b>\$2,316,920</b>	<b>\$2,188,182</b>	<b>\$2,128,286</b>
Current Level Services	2,536,645.56	2,316,920	2,130,739	2,078,867
Modified Level Services	0.00	0	57,443	49,419
<b>Total Service Costs</b>	<b>\$2,536,645.56</b>	<b>\$2,316,920</b>	<b>\$2,188,182</b>	<b>\$2,128,286</b>

#### Program Description

The staff of the Insurance Compliance program monitor insurer compliance with the requirement to pay compensation and medical benefits due an injured employee; monitor insurance coverage by all Montana firms and investigate uninsured employers; regulate self-insurance and private insurance carriers; and review and approve all settlements of compensation claims.

Program staff classify all accidents and manage files for all self-insurance and private insurance files. Staff regulate independent contractor exemptions, refer claimants to vocational rehabilitation, and interpret and conduct hearings on disputes under the Workers' Compensation Act.

Program staff administer the Crime Victims' Compensation Act, Silicosis Benefits Program, Social Security Offset Benefits Program, and the Occupational Disease Act.

#### Budget Issues

The FTE level for Insurance Compliance increases by 1.0 FTE over FY87 due to a clerical support position transferred from the Administration Program.

Overall operating costs increase by \$113,053 in FY88 and \$106,310 in FY89 with the main impact to contracted services. Section 39-71-1005, MCA, enables insurers to petition the division to require that a claimant engage in vocational rehabilitation to continue eligibility for benefits. The division must consult with an expert physician and psychologist before determining if rehabilitation is necessary. This request is based on 48 referrals at a cost of \$23,040 per year.

Computer operating costs increase \$110,298 in FY88 and \$110,998 in FY87 due to the recently implemented computer system.

The audit of uninsured employers performed by the Department of Labor's Audit Bureau was decreased to cover unfunded pay plan reductions in FY87. The reduction is \$15,290 each year of the 1989 biennium.

Recommended equipment includes 4 word processing/data processing workstations and upgrades to assist with the

increased workload. Two personal computers and printers will be used in the Claims Management and Policy Compliance Sections. They will integrate with other division personal computers for analysis of caseload, settlements, uninsured claims, Plan I self-insureds, and Plan II private insurers. The cost is \$24,800 in FY88 and \$3,200 in FY89. Remaining amounts of \$900 each year are for the replacement of calculators and dictaphones.

The benefits include payments from the crime victims fund, for social security offset payments and for silicosis benefits.

Crime Victims benefits are projected to remain at the 1986 level due to the following:

1. Claims are down due to reduced crime rates.
2. Increase in the number of claimants with collateral sources.
3. Increase in the number of less expensive claims.
4. Increase in open case file.

The funding is derived from 18% of highway patrol fines and forfeitures. Anticipated benefits total \$365,863 each year of the 1989 biennium. In June 1986, the Special Session Legislature authorized the transfer of \$100,000 to general fund due to an accumulated fund balance.

Social security offset benefits are paid to those persons affected by a state law in 1974. Previous to 1974, the law allowed insurers to take a 100% offset against permanent total cases where an individual was also receiving social security disability benefits. The act was revised to allow only a 50% offset so the legislature now funds the additional cost of the decision for those affected between July 1, 1973 when the act was passed, through March 21, 1974 when revision was enacted.

The division identified cases where the offset applied. These cases include claimants and surviving spouses and dependents of workers. Benefits total approximately \$69,585 in FY88 and \$64,583 in FY89 and come from the general fund.

The silicosis program was initially established to pay benefits to persons and widows of those who have contracted the disease prior to 1959 when occupational health laws were

passed. The department analysis projects 172 claimants and 136 widows in FY88 at a cost of \$576,000 and \$555,600 for 166 claimants and 131 widows in FY89. Previously these benefits were funded from the resource indemnity trust fund but are now included in general fund.

#### Modification Requests

Claims Examiner I - The bureau currently has 4.0 FTE claims examiners with a caseload of 2,607 per examiner. The request is for an additional 1.0 FTE claims examiner.

Cost: FY88 - \$26,532      FY89 - \$22,521

Administrative Officer II - Insolvencies, legislative enactments and group self-insurance are some of the reasons for the increased workload in Insurance Compliance. This position will be responsible for managing the self-insurance and insurer solvency programs.

Cost: FY88 - \$30,911

FY89 - \$26,898

#### SAFETY AND HEALTH PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	25.00	26.00	25.00	25.00
Personal Services	639,358.39	644,453	677,730	682,623
Operating Expenses	144,102.30	179,910	187,261	183,828
Equipment	28,306.35	34,967	23,224	24,497
<b>Total Program Costs</b>	<b>\$811,767.04</b>	<b>\$859,330</b>	<b>\$888,215</b>	<b>\$890,948</b>
State Special Revenue Fund	719,538.23	821,488	796,866	799,141
Federal & Other Spec Rev Fund	92,228.81	37,842	91,349	91,807
<b>Total Funding Costs</b>	<b>\$811,767.04</b>	<b>\$859,330</b>	<b>\$888,215</b>	<b>\$890,948</b>
Current Level Services	811,767.04	859,330	842,606	844,430
Modified Level Services	0.00	0	45,609	46,518
<b>Total Service Costs</b>	<b>\$811,767.04</b>	<b>\$859,330</b>	<b>\$888,215</b>	<b>\$890,948</b>

#### Program Description

Safety Program staff conduct safety inspections in all mining and related industries and in public agencies. Loss control safety consultation for Montana employers is provided with emphasis on employers insured with the State Compensation Insurance Fund. This consultation includes identification of workplace hazards, safety training for supervisors and employees, and assistance in establishing and maintaining a safety program.

Safety program staff provide for testing and licensing of crane/hoist/boiler operators and blasters. Boiler inspections are provided and coal mine foremen are safety certified. Miners are provided with safety training relating to their specific industries and jobs.

#### Budget Issues

The current level budget for the Safety and Health Program increases only 4% in the 1989 biennium. The FTE level declines in FY86 as a 1.0 FTE secretarial position was transferred to administration to serve as clerical support to the administrator.

Operating expenses reflect increases in contracted services and repair and maintenance.

The Boiler Advisory Council, unable to meet in FY86, is expected to meet once a year at a cost of \$713 in FY88 and

FY89. Insurance protection provided through Department of Administration increases by 30% from FY86. Additionally, a one time printing expense of \$3,000 in FY88 is for the entire reprinting of Montana safety laws and rules. Many of the division vehicles are reaching high mileage and vehicles are being kept longer than in the past. Additional repair and maintenance is included in the budget to accommodate anticipated expenses.

The Safety Bureau presently has one personal computer. The recommended purchase of a word processing/data processing work station and printer will allow the clerical staff to access the division's data processing and word processing systems.

This office recommends replacing 2 passenger cars in FY88 and 1 passenger car and 1 4X4 truck in FY89. If additional vehicles are recommended through the legislative process, the appropriation bill should line item the expense to vehicles only.

#### Modification Request

Loss control activities are increasing and the program is anticipating being more directly involved in providing assistance to the State Insurance Fund. Field personnel are projected to increase their travel 20-30%. The remaining request reflects related operating expenses.

Cost: FY88 - \$45,609

FY89 - \$46,518

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988 FY 1989	
Full Time Equivalent Employees	91.23	91.00	95.50	95.50
Personal Services	1,855,351.55	2,009,750	2,248,700	2,255,204
Operating Expenses	1,709,088.98	1,617,478	1,855,420	1,874,647
Equipment	23,181.60	3,898	9,460	0
Capital Outlay	180,225.00	0	0	0
Local Assistance	125,844.00	0	0	0
Grants	1,800,861.07	0	1,000,000	1,000,000
Benefits and Claims	2,280.00	2,280	2,280	2,280
<b>Total Agency Costs</b>	<b>\$5,696,832.20</b>	<b>\$3,633,406</b>	<b>\$5,115,860</b>	<b>\$5,132,131</b>
General Fund	1,952,725.19	1,798,564	1,836,982	1,818,031
Federal & Other Spec Rev Fund	3,744,107.01	1,834,842	3,278,878	3,314,100
<b>Total Funding Costs</b>	<b>\$5,696,832.20</b>	<b>\$3,633,406</b>	<b>\$5,115,860</b>	<b>\$5,132,131</b>
Current Level Services	5,449,071.04	3,633,406	4,529,522	4,566,456
Modified Level Services	247,761.16	0	586,338	565,675
<b>Total Service Costs</b>	<b>\$5,696,832.20</b>	<b>\$3,633,406</b>	<b>\$5,115,860</b>	<b>\$5,132,131</b>

### Agency Description

The Department of Military Affairs consists of three functional divisions: The Montana National Guard, Disaster and Emergency Services, and Veterans Affairs. The Department is administered by the Adjutant General and his staff (2-15-1202, MCA).

The Montana National Guard Division exists to provide trained and equipped military organizations for the Governor in the event of a state emergency, and the President in the event of a national emergency. The Guard Division is made up of the Army National Guard and the Air National Guard.

The Adjutant General administers a joint federal-state program to provide for the organization of the Montana Army and Air National Guard. Military and individual equipment for the troops and units of the Montana Guard are fur-

nished by the U.S. Department of Defense through the National Guard Bureau. Federal control is exercised over the military strength and mobilization missions of the Montana Guard. Federal personnel are employed in both administration and maintenance jobs in armories and maintenance shops.

The Disaster and Emergency Services Division was established in the Department of Military Affairs by section 2-15-1204, MCA.

The Board of Veterans Affairs was established in the Department of Military Affairs by section 2-15-1205, MCA.

### Budget Issues

The budget recommendations for FY88 and FY89 reflect base reductions for the unfunded pay plan as well as reductions to meet guidelines set by the OBPP to reduce the FY86 base expenditures by approximately 3%.

ADMINISTRATION PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988 FY 1989	
Full Time Equivalent Employees	4.00	4.00	4.00	4.00
Personal Services	121,920.34	122,775	124,576	124,629
Operating Expenses	49,245.31	38,169	54,628	54,070
<b>Total Program Costs</b>	<b>\$171,165.65</b>	<b>\$160,944</b>	<b>\$179,204</b>	<b>\$178,699</b>
General Fund	163,819.65	153,593	169,508	168,961
Federal & Other Spec Rev Fund	7,346.00	7,351	9,696	9,738
<b>Total Funding Costs</b>	<b>\$171,165.65</b>	<b>\$160,944</b>	<b>\$179,204</b>	<b>\$178,699</b>
Current Level Services	171,165.65	160,944	179,204	178,699
<b>Total Service Costs</b>	<b>\$171,165.65</b>	<b>\$160,944</b>	<b>\$179,204</b>	<b>\$178,699</b>

### Program Description

The Administration Program staff provides management and supervision for the Army and Air National Guard programs. Emergency Support program, and administrative support to the Veterans Affairs Division. They also disburse funds to support the operation of the Departmental headquarters.

This program is the primary financial, personnel and administrative support organization for the Agency, including the

Department Director's office, Financial Management and Budgeting, Personnel, communications supervision and other administrative support.

### Budget Issues

The FY88 operational costs increase due to biennial audit costs being budgeted in the first year of the biennium (\$4,200) and to inflation for utilities. The increase in FY89 is due to utility inflation.

The audit is completely funded with general fund.

ARMY NATIONAL GUARD PGM  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	15.01	15.00	15.00	15.00
Personal Services	290,327.50	292,048	309,224	309,919
Operating Expenses	1,075,839.42	978,165	1,081,863	1,110,670
Equipment	901.77	3,000	3,000	0
Capital Outlay	155,225.00	0	0	0
Benefits and Claims	2,280.00	2,280	2,280	2,280
<b>Total Program Costs</b>	<b>\$1,524,573.69</b>	<b>\$1,275,493</b>	<b>\$1,396,367</b>	<b>\$1,422,869</b>
General Fund	836,124.39	873,332	842,986	858,570
Federal & Other Spec Rev Fund	688,449.30	402,161	553,381	564,299
<b>Total Funding Costs</b>	<b>\$1,524,573.69</b>	<b>\$1,275,493</b>	<b>\$1,396,367</b>	<b>\$1,422,869</b>
Current Level Services	1,276,812.53	1,275,493	1,278,202	1,304,664
Modified Level Services	247,761.16	0	118,165	118,205
<b>Total Service Costs</b>	<b>\$1,524,573.69</b>	<b>\$1,275,493</b>	<b>\$1,396,367</b>	<b>\$1,422,869</b>

**Program Description**

The Army National Guard Program fulfills two main responsibilities. As directed by the Governor, the Guard mobilizes in cases of disaster and emergency in the state. In national emergencies, the guard mobilizes at the call of the President to defend the national security. In both instances, the guard provides trained personnel and necessary equipment to perform required tasks. The program staff are responsible for coordinating, planning, and implementing training for the guard.

The Army Guard is comprised of 36 units located in 27 armories throughout the state. In addition, there are seven equipment maintenance shops in the state. The major unit of the Army Guard is the 163rd Armored Cavalry Regiment.

**Budget Issues**

The FTE recommendation remains constant because, while a security guard position was eliminated, a design engineer is recommended as modification to current level.

FY86 actual expenditures include communication and maintenance costs that were reimbursed with federal funds. This was approved by a budget amendment in the 1987 biennium, but is not included in the current level base.

**Modification Requests**

A design engineer is recommended to coordinate and supervise minor construction and repair projects for the Townsend Montana Guard training site and for Fort Harrison. The modification is federally funded.

FY88 = \$22,065

FY89 = \$22,105

Appropriation authority is recommended for federal funds received on the basis of a reimbursement agreement for a portion of communication and maintenance costs of specific Army Guard facilities. This was approved by budget amendment in the 1987 biennium.

FY88 = \$96,100

FY89 = \$96,100

AIR NATIONAL GUARD PGM  
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	31.00	31.00	37.00	37.00
Personal Services	478,299.86	612,962	840,441	846,355
Operating Expenses	383,842.90	389,509	451,958	483,993
<b>Total Program Costs</b>	<b>\$862,142.76</b>	<b>\$1,002,471</b>	<b>\$1,292,399</b>	<b>\$1,330,348</b>
General Fund	105,931.36	105,073	119,185	125,671
Federal & Other Spec Rev Fund	756,211.40	897,398	1,173,214	1,204,677
<b>Total Funding Costs</b>	<b>\$862,142.76</b>	<b>\$1,002,471</b>	<b>\$1,292,399</b>	<b>\$1,330,348</b>
Current Level Services	862,142.76	1,002,471	879,226	912,878
Modified Level Services	0.00	0	413,173	417,470
<b>Total Service Costs</b>	<b>\$862,142.76</b>	<b>\$1,002,471</b>	<b>\$1,292,399</b>	<b>\$1,330,348</b>

**Program Description**

The Air National Guard Program staff provide clerical, facilities' maintenance, and fire protection support to the Air National Guard Base at Great Falls. It also disburses funds to support the Air National Guard Headquarters.

The major unit of the Air Guard is the 120th Fighter Interceptor Group located in Great Falls.

**Budget Issues**

The proposed budget allows this program to maintain its current level of operation.

The 11 FTE that were added during the 1985 session for additional security guards at the Air Guard facility, have been

removed from current level staffing. During the session, the agency felt in-house staff would be needed for security reasons. It was decided that was not the case and the security contract was continued. This contract is paid by the Defense Department.

#### Modification Requests

The Air Guard is converting from F-106 fighter planes to F-16 fighters. This conversion is resulting in substantial changes in the operations and maintenance of the facilities at Great Falls' Gore Hill. It will be necessary to increase the firefighter staff by 17 FTE to meet the Air Force Standard

for Crash/Fire Rescue. The firefighter staff will be 100% federally funded. A budget amendment was approved in FY87 for this recommendation.

FY88 = \$368,995

FY89 = \$371,443

Several new buildings are being constructed, as well as specialized facilities on the runway. The utility costs and repair and maintenance costs will be split 20% general fund and 80% federal fund. The general fund impact is \$8,836 in FY88 and \$9,205 in FY89.

FY88 = \$44,178

FY89 = \$46,027

#### DISASTER COORDINATION RESPONSE Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	14.00	14.00	13.00	13.00
Personal Services	370,033.09	374,033	371,186	371,059
Operating Expenses	89,247.10	95,952	116,852	82,347
Equipment	14,948.22	898	0	0
<b>Total Program Costs</b>	<b>\$474,228.41</b>	<b>\$470,883</b>	<b>\$488,038</b>	<b>\$453,406</b>
General Fund	221,347.25	215,041	245,969	216,154
Federal & Other Spec Rev Fund	252,881.16	255,842	242,069	237,252
<b>Total Funding Costs</b>	<b>\$474,228.41</b>	<b>\$470,883</b>	<b>\$488,038</b>	<b>\$453,406</b>
Current Level Services	474,228.41	470,883	463,038	453,406
Modified Level Services	0.00	0	25,000	0
<b>Total Service Costs</b>	<b>\$474,228.41</b>	<b>\$470,883</b>	<b>\$488,038</b>	<b>\$453,406</b>

#### Program Description

The Disaster Coordination and Response Program staff prepare, update, coordinate, and test all state emergency preparedness, response and recovery plans. Each county is responsible for its own preparedness and response plans and each has a county coordinator (full-time or part-time). The division, working through four district representatives, provides coordination and operational, technical, administrative and training support for each county. Every county has an emergency plan approved by its respective county government.

Operating 24 hours a day, 7-days a week, program staff coordinate and administer all state and federal response and recovery actions to any disaster beyond local governments' response and recovery capabilities.

The program staff also administer all federal money that is passed through to eligible political subdivisions. Counties

are eligible for 50% reimbursement on costs related to civil defense.

#### Budget Issues

A training officer position was eliminated due to the unfunded pay plan.

Funding for the majority of this program is a 50/50 split between general fund and federal funds. The difference, \$23,026 in FY88 and \$23,025 in FY89, is for essential travel for training personnel in disaster procedures.

#### Modification Request

General fund authority in FY88 is requested to maintain a stock pile of 60,000 sand bags in Miles City and Glasgow (Fort Peck) in order to reduce response time in the event of an emergency. This would be a one-time purchase because the sand bags would be replaced by the users when disasters occur.

FY88 = \$25,000

#### EMERGENCY MANAGEMENT DEVELOPMENT Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	8.50	8.50	8.50	8.50
Personal Services	191,671.68	211,906	211,177	211,136
Operating Expenses	43,265.00	60,184	59,341	56,998
Equipment	3,421.40	0	0	0
<b>Total Program Costs</b>	<b>\$238,358.08</b>	<b>\$272,090</b>	<b>\$270,518</b>	<b>\$268,134</b>
Federal & Other Spec Rev Fund	238,358.08	272,090	270,518	268,134
<b>Total Funding Costs</b>	<b>\$238,358.08</b>	<b>\$272,090</b>	<b>\$270,518</b>	<b>\$268,134</b>
Current Level Services	238,358.08	272,090	270,518	268,134
<b>Total Service Costs</b>	<b>\$238,358.08</b>	<b>\$272,090</b>	<b>\$270,518</b>	<b>\$268,134</b>

#### Program Description

The Emergency Management Development Program supplements the Disaster Coordination and Response Program in

the preparation and updating of Local and State Emergency Preparedness Plans. These efforts are federally funded for war caused incidents, but under current guidance can

include planning for all hazards as long as it does not distract from the war caused planning. In addition to the planning preparedness, technical support is given for inplace sheltering, exercise designing and conducting radiological defense and radiological monitoring.

Biennial audit fees of \$2,320 and annual comprehensive liability insurance costs of \$2,652 have been included in the proposed budget.

#### Budget Issues

The proposed budget allows this program to maintain its current level of operation. Program funding is 100% federal funds.

LOCAL CIVIL DEFENSE REIMBURSEMENT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Grants	1,800,861.07	0	1,000,000	1,000,000
<b>Total Program Costs</b>	<b>\$1,800,861.07</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>
Federal & Other Spec Rev Fund	1,800,861.07	0	1,000,000	1,000,000
<b>Total Funding Costs</b>	<b>\$1,800,861.07</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>
Current Level Services	1,800,861.07	0	1,000,000	1,000,000
<b>Total Service Costs</b>	<b>\$1,800,861.07</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>

#### Program Description

The Local Civil Defense Reimbursement Program is used to receive, record and disburse federal funds to other eligible political subdivisions. Federal programs include, but are not limited to, Emergency Management Assistance, Emergency Operation Center Construction and Furnishing, Communication and Warning Equipment, Supporting Materials and Disaster Recovery. All programs except Disaster Recovery are matched by receiving political subdivision.

#### Budget Issues

This is a non budgeted program. Federal funds are passed through to local political subdivisions, according to section 10-3-203, MCA.

FY86 reflects the actual amount of pass through funds. Because there is no appropriation required, FY87 does not show budgeted amounts. Expenditures are shown on SBAS.

VETERANS AFFAIRS PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	18.50	18.50	18.00	18.00
Personal Services	398,714.22	396,026	392,096	392,106
Operating Expenses	67,414.65	55,499	60,778	56,569
Equipment	3,910.21	0	6,460	0
<b>Total Program Costs</b>	<b>\$470,039.08</b>	<b>\$451,525</b>	<b>\$459,334</b>	<b>\$448,675</b>
General Fund	470,039.08	451,525	459,334	448,675
<b>Total Funding Costs</b>	<b>\$470,039.08</b>	<b>\$451,525</b>	<b>\$459,334</b>	<b>\$448,675</b>
Current Level Services	470,039.08	451,525	459,334	448,675
<b>Total Service Costs</b>	<b>\$470,039.08</b>	<b>\$451,525</b>	<b>\$459,334</b>	<b>\$448,675</b>

#### Program Description

The staff of the Veterans Affairs Division are charged with the responsibility of assisting all veterans, their dependents and beneficiaries who may be entitled to veteran benefits. The Division is provided for in section 2-15-1205, MCA.

#### Budget Issues

The program reflects the elimination of an administrative assistant position, and an increase of a .5 FTE word processing position to a 1.0 FTE. The net reduction to the program is a .5 FTE.



**VETERAN'S CEMETERY**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	0.00	0	30,000	30,000
Capital Outlay	25,000.00	0	0	0
<b>Total Program Costs</b>	<b>\$25,000.00</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$30,000</b>
General Fund	25,000.00	0	0	0
Federal & Other Spec Rev Fund	0.00	0	30,000	30,000
<b>Total Funding Costs</b>	<b>\$25,000.00</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$30,000</b>
Current Level Services	25,000.00	0	0	0
Modified Level Services	0.00	0	30,000	30,000
<b>Total Service Costs</b>	<b>\$25,000.00</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$30,000</b>

**Program Description**

The Veterans' Cemetery program was established by the passage of HB513 in the 49th Legislature.

per veteran burial. The federal funds will be expended through a contract for services to open and close graves. The Department of Military Affairs projects 200 burials per year of the 1989 biennium.

**Budget Issues**

This budget recommendation establishes an account to receive Veteran's Administration plot allowances of \$150

**DISASTER FUND**  
 Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.22	.00	.00	.00
Personal Services	4,384.86	0	0	0
Operating Expenses	234.60	0	0	0
Local Assistance	125,844.00	0	0	0
<b>Total Program Costs</b>	<b>\$130,463.46</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund	130,463.46	0	0	0
<b>Total Funding Costs</b>	<b>\$130,463.46</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	130,463.46	0	0	0
<b>Total Service Costs</b>	<b>\$130,463.46</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Program Description**

10-3-311 and 10-3-312, M.C.A. allows for expenditures of up to \$1,000,000 from the general fund for emergencies and declared disasters.

**Budget Issues**

The expenditures for FY86 were for the spring flood in the north-central part of the state. Additional expenditures have occurred in FY87 due to the Milk River flood and the grass-hopper infestation.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	1,112.20	1,115.32	737.96	738.47
Personal Services	24,526,083.07	24,812,753	17,557,525	17,569,706
Operating Expenses	10,246,501.20	9,174,353	12,445,278	9,829,197
Equipment	241,696.13	49,354	482,639	480,144
Grants	0.00	7,170,088	0	0
Benefits and Claims	197,000,938.58	193,805,171	224,744,027	237,769,513
<b>Total Agency Costs</b>	<b>\$232,015,218.98</b>	<b>\$235,011,719</b>	<b>\$255,229,469</b>	<b>\$265,648,560</b>
General Fund	72,882,336.13	72,469,930	70,252,325	71,089,616
State Special Revenue Fund	7,779,510.37	7,956,887	8,548,086	8,934,248
Federal & Other Spec Rev Fund	151,353,372.48	154,584,902	176,429,058	185,624,696
<b>Total Funding Costs</b>	<b>\$232,015,218.98</b>	<b>\$235,011,719</b>	<b>\$255,229,469</b>	<b>\$265,648,560</b>
Current Level Services	231,645,162.32	235,011,719	250,190,910	261,326,496
Modified Level Services	370,056.66	0	5,038,559	4,322,064
<b>Total Service Costs</b>	<b>\$232,015,218.98</b>	<b>\$235,011,719</b>	<b>\$255,229,469</b>	<b>\$265,648,560</b>

### Agency Description

The Department of Social and Rehabilitation Services (SRS) is a multi-function human services agency designed to provide assistance to state citizens in need. The department's services range from public assistance — including food stamps and medical assistance for the needy — to the care and training of the developmentally disabled and the physically handicapped. The primary concern is to encourage people to become self-sufficient and to assist those who cannot do so.

The department staff provide services to children and adults who are in danger of abuse or exploitation. They help blind and partially blind persons become gainfully employed; help senior citizens prepare for retirement; and provide rehabilitation services to promote the restoration of handicapped Montanans to their fullest physical, mental, vocational and social abilities. Statutory authority for SRS is provided for in section 2-15-22, MCA and Title 53, MCA.

The department staff also administer the Social Services, Community Services and the Low Income Energy Assistance Block Grants.

### Budget Issues

During FY87, the department made several reductions in personal services costs and operating expenses that are overshadowed by cost increases of several benefit programs whose caseloads were higher than anticipated. The general

fund appropriation for the department was reduced by 5.07 million in HB30 passed by the June Special Session of the Legislature. However, the total supplemental appropriation request for FY87 submitted by the department includes \$8.834 million in general fund authority.

The five percent cut applied to FY87 general fund appropriations and the unfunded portion of the FY87 pay plan were met through increased vacancy savings, elimination of positions, and cuts in equipment purchases and operating costs. Personal services cuts total about \$763,400. Equipment purchases foregone amount to \$394,000. Reductions of about \$94,000 were taken in other operating expenses. Specific FTE deletions and expense reductions are identified in individual program narratives.

The June 1986 Special Session enacted a freeze in provider reimbursement rates for all benefit programs in the department. Some program benefit appropriations were also reduced to reflect anticipated underexpenditures in FY87. However, these decreases accounted for only a minor portion of the \$5,871,312 reduction in the total appropriation authority for department benefits and claims.

The Community Services division is transferred to the new Department of Family Services. In addition, some positions and operating expenses from the Audit and Program Compliance and Administrative and Support Services programs are removed from the respective programs and added to the new department.

# ASSISTANCE PAYMENT PROGRAM

## Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	46.37	47.50	48.75	48.75
Personal Services	1,182,926.57	1,268,435	1,390,340	1,390,956
Operating Expenses	1,694,633.08	1,803,675	4,753,478	2,280,442
Equipment	32,771.11	6,000	416,363	423,847
Benefits and Claims	52,172,598.23	50,157,659	61,150,176	65,043,361
<b>Total Program Costs</b>	<b>\$55,082,928.99</b>	<b>\$53,235,769</b>	<b>\$67,710,357</b>	<b>\$69,138,606</b>
General Fund	16,591,309.58	14,125,618	18,521,139	19,114,974
Federal & Other Spec Rev Fund	38,491,619.41	39,110,151	49,189,218	50,023,632
<b>Total Funding Costs</b>	<b>\$55,082,928.99</b>	<b>\$53,235,769</b>	<b>\$67,710,357</b>	<b>\$69,138,606</b>
Current Level Services	55,077,928.99	53,235,769	64,218,338	67,972,555
Modified Level Services	5,000.00	0	3,492,019	1,166,051
<b>Total Service Costs</b>	<b>\$55,082,928.99</b>	<b>\$53,235,769</b>	<b>\$67,710,357</b>	<b>\$69,138,606</b>

## Program Description

The staff of the Assistance Payments program provide aid to eligible households to enable them to meet day-to-day needs. The types of assistance provided include:

Aid to Families with Dependent Children (AFDC) - provides financial and medical assistance to needy families with children;

General Assistance (GA) - provides financial assistance to needy individuals, childless couples, and families with children who do not qualify for AFDC.

Food Stamps - increases the food purchasing power of eligible low-income families based on household size and income;

Food Distribution - provides for the distribution of surplus food commodities;

Community Service Block Grant - distributes funds to counties for social services;

Low-Income Energy Assistance Block Grant (LIEAP) - assists income-eligible citizens in off-setting some winter heating costs; and

Weatherization Program - weatherizes houses of low-income households.

The Assistance Payments program receives its statutory authority from Title 53, chapter 2; Title 53, chapter 3; Title 53, chapter 4, part 2; and sections 53-4-101, and 53-6-133, MCA.

## Budget Issues

The Economic Assistance program FY87 general fund appropriation was reduced \$555,461 by the June Special Session of the Legislature (see table 1). Operational cost cuts were absorbed in additional vacancy savings, reduced rent and decreases in contracted services.

Benefit reductions included elimination of the emergency general assistance appropriation that was designed to aid individuals impacted by changes enacted in the general assistance law by the 1985 Legislative Session. Since the Supreme Court prohibited implementation of those changes, the appropriation was unnecessary. AFDC day care benefits were frozen at FY86 payment levels and were reduced to reflect an anticipated underexpenditure in the appropriation. The Legal Services contract to help general assistance clients file claims with the Social Security Administration to obtain social security disability benefits and Medicaid was reduced by 50 percent.

Table 1

## General Fund Reductions in Economic Assistance

Item	HB500 Appropriation	Adjustment	HB30 Appropriation
Operations	\$678,507	\$16,162	\$662,345
Emergency General Assistance	100,000	100,000	0
State General Assistance	3,347,068	381,466	2,965,602
AFDC Day Care	180,882	7,833	173,049
Legal Services	100,000	50,000	50,000
Total	\$4,406,457	\$555,461	\$3,850,996

The June Special Session decreased the appropriation for state general assistance \$381,466 as a result of a benefit payment freeze and statutory changes limiting able-bodied individuals to two months of benefits in any 12-month period. The department has been sued regarding implementation of the limitation.

Passage of HB12 in the 85 regular legislative session requires state general assistance recipients to complete an 80-hour, intensive job training program as a condition of receiving benefits. Monthly GA payments to persons refusing to participate in the training program are reduced one fourth for each day of job training missed.

The June Special Session did not reduce AFDC benefits because the department had requested a supplemental appropriation in FY86 of \$3.6 million, of which \$1.2 million was general fund. The department is requesting another supplemental appropriation in FY87 of \$7.6 million, which includes an additional \$2.1 million in general fund. The projected average caseload for FY87 has been revised upward to 8,471 for regular cases and 762 for unemployed parent cases. The caseload projections used during the 1985 Legislative Session assumed an average total caseload of 8,083 - almost 1,150 fewer than currently projected.

Other supplemental appropriation requests for FY87 in the Economic Assistance Division include: \$150,000 for non-resident general assistance; \$134,197 for AFDC day care; and \$508,834 for state general assistance. The supplemental request for nonresident general assistance is largely attributable to one case requiring \$90,000 in medical payments. AFDC day care costs are higher than anticipated during the

June Special Session because of the growth in the total AFDC caseload. The state general assistance supplemental funding request assumes that will uphold the two-month benefit limitation established by the June Special Session and that the \$1.5 million remaining in the FY86 general assistance appropriation can be applied to the FY87 program cost.

The job training program for general assistance clients has helped some individuals find jobs, thereby reducing general assistance payments in FY87. The Department of Social and Rehabilitation Services contracts with the Department of Labor to provide the GA job training program. Local job service offices and human resource development councils (HRDC's) administer the job training program in state-assumed counties. The payment to the Department of Labor is made via an administrative appropriation from SRS. The cost of the job training program is to be paid for by the reduction of benefit payments due to the decreased general assistance caseload.

The Department of Labor has hired 16.0 FTE to administer the program; 2.5 FTE are located in the state office and the remaining 13.5 are in seven of the state-assumed counties.

Since the program began in mid-July, 1,412 persons have enrolled in the job training and 130 individuals have found full-time jobs. In the month of October 1986, general assistance benefits were reduced or eliminated for 93 persons due to their refusal to participate in the job training program. A full report on program costs and benefit reductions will be provided by the department in January.

The department is proposing to expand the current job search and training efforts in the Food Stamp program to include other persons receiving economic assistance. Project PRIDE (Project to Reinforce Increased Dedication to Employment) will be funded within the current level and in the modified budget request for expanded Food Stamp job search efforts. AFDC and Food Stamp funding (above the level requested in the modified budget recommendation) are available at a 50/50 match from the federal government. The department has indicated that no additional general fund will be required beyond the recommended budget for the 1989 biennium.

The proposed program would require all able-bodied applicants and recipients to make three quality contacts with employers each week for 12 weeks and to attend a two-week program designed to enhance job search skills. Statistics from similar programs in other states indicate that about 20

to 25 percent of all individuals referred to the search program succeeded in obtaining employment within a two-month period.

Currently, the department contracts with the Department of Labor to administer the Food Stamp job search program. That contract would be revised and the individuals currently providing the service would be reassigned to Project Pride.

The June Special Session passed HB22, appropriating \$1,666,000 of oil overcharge revenue to the Low-income Home Weatherization Program. These funds were allocated to the 10 HRDC offices for use in weatherizing homes of low-income persons.

In a separate, but related program, the Low-income Energy Assistance Program rules were changed to allow a supplemental grant of up to \$250 to LIEAP recipients who pay more than five percent of their income in heating bills.

The 1989 biennium budget recommendation for the Economic Assistance Division increases above current level FY86 about \$9 million and \$12 million over the biennium. The bulk of the increase is due to growth in benefit costs.

Operating costs for the Division were held to FY86 actual with few exceptions. Cost increases in contracted services are attributable to two specific items. The cost of insurance for the two semi-tractor and trailers in the commodity distribution program rose \$8,000, more than doubling the base year cost. Food services costs for the emergency food distribution program, which is 100 percent federally funded, increased almost \$180,000 over FY86 expenditures. In FY86, the appropriation for the food distribution program was included in benefits and claims rather than operations. Purchases of replacement office equipment were recommended in both years.

Personal services cost in this program rise even though the FTE level declines from the base budget year. Personal services costs increase due to positions being held open to meet FY86 general fund reductions in operating expenses and due to 10 upgrades granted during FY86. Several FTE were transferred into and out of the Division, resulting in a net decrease of .62 FTE.

Benefit costs are \$9 and \$12 million higher in the 89 biennium than in the 87 biennium due to increased caseload projections (see table 2). Benefits are frozen at FY86 levels with the exception of minor adjustments in the AFDC payment matrix required by the federal government to provide equity in amounts paid to different-sized families.

Table 2  
Recommended Funding Levels for Economic Assistance Benefits

Benefit	FY86 Actual	FY88 Recommendation	FY89 Recommendation
AFDC	\$33,786,382	\$40,392,994	\$43,029,684
General Assistance	4,586,618	5,031,455	6,030,218
LIEAP	9,728,666	11,031,693	11,031,693
Community Services			
Block Grant	1,207,820	1,309,485	1,361,864
Other Benefits*	2,863,113	3,254,549	3,329,902
Total	\$52,172,599	\$61,020,176	\$64,783,361
General Fund	\$15,757,758	\$17,113,708	\$18,070,626
County Funds	701,044	769,733	766,428
Federal Funds	35,713,797	43,136,735	45,946,307

\* Other benefits include AFDC day care, weatherization, training, nonresident general assistance, legal services

contract, food stamp job search, solar bank and food stamp issuance.

The AFDC caseload projections are based on an average caseload of 10,124 in FY88 and 10,788 in FY89. Such projections represent a 9.66 percent and 11.99 percent increase above the recent projection of 9,232 in FY87. The average payment is estimated to be \$330.91, about \$3.60 more than that projected for FY87.

The federal matching rates are estimated to increase from 67.44 percent in FY87 to 69.4 and 71.42 percent over the biennium. Although higher federal funding participation alleviates some of the increase in general fund costs for AFDC, state commitment increases overall for benefit costs in the Economic Division.

The general assistance caseload was estimated to increase from a projected average caseload of 2,463 in FY87 to 2,771 in FY88 and 3,321 in FY89. The average payment is expected to increase slightly from \$210 per case to \$213.33 due to the revised AFDC payment levels as required by the federal government (state general assistance payments are linked to the AFDC payment matrix). The projected cost assumes that the court will uphold payment limitations and that the job training program will enable some GA recipients to fund employment.

#### Modification Requests

Two modified budget requests are included in the Economic Assistance program. The first is a federally-funded job search program for food stamp recipients, which is one facet of the Project PRIDE discussed above.

FY88 = \$130,000

FY89 = \$260,000

The second modified budget recommendation would fund the development and installation of an on-line, automated system in all county offices. The system would allow eligibil-

ity technicians to access records to verify eligibility of applicants for public assistance. The operating system, Family Assistance Management Information System (FAMIS), can be transferred from another state comparable to Montana. The modified request includes an additional 3.0 FTE to manage the installation of FAMIS, assist local county offices and provide data processing support. Table 3 shows the anticipated costs and funding for the FAMIS system.

Table 3  
Costs of Implementing the FAMIS System

Item	FY88	FY89
Personal Services	\$ 81,592	\$ 81,446
Operating Expenses	2,865,976	402,225
Equipment	414,451	422,380
Total Cost	\$3,362,019	\$906,051
General Fund	\$ 490,518	\$130,006
Federal Funds	\$2,871,501	\$776,045

The general fund match for the modified request is based on the respective match for each program that will utilize the FAMIS system in eligibility determination. The costs of installing FAMIS, which are attributable to the AFDC and Medicaid programs require a 10 percent state match, while the Food Stamp program portion requires a 25 percent state match. The portion of automation costs attributable to the general assistance program is 100 percent state funded. After allocating all costs and applying the appropriate funding split, the state share of the FAMIS system is about 14.6 percent in FY88 and 14.53 in FY89.

#### COMMUNITY SERVICES PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	375.60	379.64	.00	.00
Personal Services	8,319,165.10	8,344,558	0	0
Operating Expenses	1,117,983.46	922,418	0	0
Equipment	23,059.06	3,000	0	0
Grants	0.00	6,830,280	0	0
Benefits and Claims	13,412,123.81	6,111,633	0	0
<b>Total Program Costs</b>	<b>\$22,872,331.43</b>	<b>\$22,211,889</b>	<b>\$0</b>	<b>\$0</b>
General Fund	13,686,481.89	12,913,351	0	0
State Special Revenue Fund	1,982.98	0	0	0
Federal & Other Spec Rev Fund	9,183,866.56	9,298,538	0	0
<b>Total Funding Costs</b>	<b>\$22,872,331.43</b>	<b>\$22,211,889</b>	<b>\$0</b>	<b>\$0</b>
Current Level Services	22,837,184.45	22,211,889	0	0
Modified Level Services	35,146.98	0	0	0
<b>Total Service Costs</b>	<b>\$22,872,331.43</b>	<b>\$22,211,889</b>	<b>\$0</b>	<b>\$0</b>

#### Program Description

The primary and legally mandated role of the Community Services Division is to provide protective services to ensure the health, welfare and safety of children, the developmentally disabled and elderly who are in danger of abuse, neglect or exploitation. The division also provides supportive services to Senior Citizens to enable them to maintain their independence. Statutory authority for this program is

provided in Title 53, chapters 4 and 5, MCA. This division is transferred to the new Family Services Department in FY88.

#### Budget Issues

The Community Services Division is transferred to the new Department of Family Services. Budget issues and modifications regarding the division are presented in the new department.

**ELIGIBILITY DETERMINATION PGM**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	365.99	369.61	372.31	372.31
Personal Services	7,106,149.56	7,373,793	7,916,017	7,913,075
Operating Expenses	116,099.02	115,285	117,807	117,301
<b>Total Program Costs</b>	<b>\$7,222,248.58</b>	<b>\$7,489,078</b>	<b>\$8,033,824</b>	<b>\$8,030,376</b>
General Fund	1,978,502.97	2,058,974	2,249,471	2,248,505
Federal & Other Spec Rev Fund	5,243,745.61	5,430,104	5,784,353	5,781,871
<b>Total Funding Costs</b>	<b>\$7,222,248.58</b>	<b>\$7,489,078</b>	<b>\$8,033,824</b>	<b>\$8,030,376</b>
Current Level Services	7,036,572.08	7,489,078	8,033,824	8,030,376
Modified Level Services	185,676.50	0	0	0
<b>Total Service Costs</b>	<b>\$7,222,248.58</b>	<b>\$7,489,078</b>	<b>\$8,033,824</b>	<b>\$8,030,376</b>

**Program Description**

The staff of the Eligibility Determination program determine eligibility for Aid to Families with Dependent Children, medical assistance programs, the Food Stamp Program, low-income energy assistance, state and county assistance, and the state and county medical assistance.

**Budget Issues**

The Eligibility Determination program general fund appropriation was reduced by \$79,943 in HB30 passed by the June Special Session of the Legislature. The reduction was achieved by the deletion of 3.5 new FTE to be added throughout FY87. The additional FTE were originally authorized by the 1985 Legislature.

Staff in the program increases by 6.32 FTE over FY86 actual. Six positions were added by HB500 in FY86 and a portion of an FTE was transferred from Community Services division.

This program absorbed financial responsibility for an aggregate 15.8 FTE representing portions of county director and clerical positions that were located in the Community Services division. The aggregate FTE were deleted from Community Services when it was transferred to the new Department of Family Services. Although 15.8 FTE were eliminated the eligibility determination program must pay the personal services costs represented by the aggregate FTE. The department will fund the positions through increased vacancy savings or reductions in operating costs.

The recommended budget for this program increases about \$780,000 above current level FY86 expenditures. The growth in expenditures is attributable almost solely to higher personal services costs. Operations costs increase about \$1,600 over the base budget year.

General fund allocated to the program increases about \$270,000 and county funding rises about \$24,000. The remainder of the funding growth is in federal monies, about \$315,000.

**ADMINISTRATIVE & SUPPORT SVS**  
**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	84.68	83.00	73.20	73.20
Personal Services	2,112,723.13	2,077,859	1,930,892	1,930,162
Operating Expenses	854,955.38	815,720	1,055,969	922,216
Equipment	26,558.62	23,914	18,770	19,062
<b>Total Program Costs</b>	<b>\$2,994,237.13</b>	<b>\$2,917,493</b>	<b>\$3,005,631</b>	<b>\$2,871,440</b>
General Fund	1,330,035.11	1,553,776	1,249,875	1,192,901
Federal & Other Spec Rev Fund	1,664,202.02	1,363,717	1,755,756	1,678,539
<b>Total Funding Costs</b>	<b>\$2,994,237.13</b>	<b>\$2,917,493</b>	<b>\$3,005,631</b>	<b>\$2,871,440</b>
Current Level Services	2,994,237.13	2,917,493	3,005,631	2,871,440
<b>Total Service Costs</b>	<b>\$2,994,237.13</b>	<b>\$2,917,493</b>	<b>\$3,005,631</b>	<b>\$2,871,440</b>

**Program Description**

The Administration and Support Service staff provide overall direction of the agency and support services, such as fiscal, data processing, general services and word processing. The administrative organization of the department is established in sections 2-15-112, 2-15-2201, and 53-2-201, MCA.

**Budget Issues**

The Administrative and Support Services program FY87 general fund appropriation was reduced \$63,264 by the June Special Session. In response to the five percent cut in FY87, a .5 FTE attorney position was eliminated and vacancy

savings were increased for a decrease in personal services costs of about \$42,000. Other reductions were made in operating expenses including the elimination of some maintenance contracts for office equipment.

The program deleted three other positions including an assistant bureau chief, an administrative officer IV and an accounting tech II. Total personal services costs reductions are about \$60,000 in general fund. These cuts were made to pay unfunded portions of the FY87 pay plan.

The number of FTE approved for FY86 by the 1985 Legislature was 83.5 with the understanding that 1.7 FTE could be transferred to the program from Visual Services and

Vocational Rehabilitation. However, the additional FTE were not funded within the 1987 biennium appropriation because the department was to provide funding for the transferred FTE. The FTE were transferred from the respective programs and are included in the Administrative and Support Services budget for the 1989 biennium.

Total FTE in the program fall by 11.48 from FY86 actual to the number in the recommended budget. The reductions include the elimination of 4.5 positions to meet FY87 general fund cuts and the transfer of 6.5 FTE to the new Department of Family Services. The balance of the decrease (.48 FTE) was transferred to the Economic Assistance division.

Operating expenses in this program were reduced to reflect the transfer of those costs to the new Department of Family Services. About \$97,000 in data processing, printing cost, copying, rule filing, communications and supplies and mate-

rials costs were reduced in this program with offsetting increases included in the new department.

The 1989 biennium budget for this program maintains most costs at the FY86 actual level. Personal services costs decline due to the elimination and transfer of positions. Contracted services costs increase due to higher costs for liability insurance and payroll warrant processing fees and the inclusion of total indirect cost expenses for the department. Higher contracted services costs more than offset the reduction in operating expenses transferred to the new department. Equipment purchases to replace two automobiles in field offices are included each year of the biennium.

Although total expenditures do not increase much, funding shifts noticeably between state, county and federal funds. Both the state and county share of funds decline and federal funding increases. Growth in the federal share of expenses is due largely to two expenses that are entirely federally funded including indirect costs and the central payroll processing fee.

#### STATE ASSUMED COUNTY ADMIN. Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	1,252,673.35	1,314,200	1,324,220	1,224,285
Equipment	94,156.97	0	15,262	15,262
<b>Total Program Costs</b>	<b>\$1,346,830.32</b>	<b>\$1,314,200</b>	<b>\$1,339,482</b>	<b>\$1,239,547</b>
General Fund	989,890.07	952,818	984,519	911,067
Federal & Other Spec Rev Fund	356,940.25	361,382	354,963	328,480
<b>Total Funding Costs</b>	<b>\$1,346,830.32</b>	<b>\$1,314,200</b>	<b>\$1,339,482</b>	<b>\$1,239,547</b>
Current Level Services	1,346,830.32	1,314,200	1,339,482	1,239,547
<b>Total Service Costs</b>	<b>\$1,346,830.32</b>	<b>\$1,314,200</b>	<b>\$1,339,482</b>	<b>\$1,239,547</b>

#### Program Description

The State Assumption program accounts for all administrative costs (operating expenses and equipment except travel and per diem) in the state-administered counties. These costs were previously accounted for in the county billing procedure.

#### Budget Issues

The State-Assumed County Administration program contains only those costs attributable to administration of state-assumed county welfare programs. Personal services costs for employees in the county programs are located in the Eligibility Determination program and in the Community Services Division in the new Department of Family Services.

The 1985 Legislature removed two funding sources from this program. The social services block grant funds were consolidated and allocated to the Developmental Disabilities Division and the state-assumed county tax revenue was transferred to the Medical Assistance program.

The June Special Session of the 49th Legislature decreased the general fund appropriation for this program by \$9,191.

Contracts for food stamp issuance were reduced by that amount.

The recommended budget for this program decreases below the FY86 actual expenditures despite several increases. Contracted services costs rise about \$6,500. The number of state medical claims processed and paid by a contractor is projected to increase about 10 percent. The cost of food stamp issuance contracts is projected to rise also. The contract amount is budgeted at the national price level established by the U.S. Postal Service.

Communications and relocation expenses are higher in the 1989 biennium because the Missoula social services office will move to a new location. Rent costs for the county offices increase.

The funding for this program was allocated at the same split between state and federal funds as that in FY86. The department performs a cost allocation time study to determine the amount of time spent on each program it administers. Operational costs are then prorated between funding sources based on the amount of time estimated to be spent on each program.

MEDICAL ASSISTANCE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	31.85	29.99	32.99	32.99
Personal Services	762,668.93	788,231	928,676	928,318
Operating Expenses	3,205,108.00	2,066,769	3,117,118	3,234,168
Equipment	9,317.38	230	3,695	1,700
Benefits and Claims	111,557,117.67	116,141,421	140,563,364	148,087,337
<b>Total Program Costs</b>	<b>\$115,534,211.98</b>	<b>\$118,996,651</b>	<b>\$144,612,853</b>	<b>\$152,251,523</b>
General Fund	33,335,464.52	33,794,909	40,168,660	39,573,624
State Special Revenue Fund	7,111,346.35	7,393,221	7,612,806	7,845,868
Federal & Other Spec Rev Fund	75,087,401.11	77,808,521	96,831,387	104,832,031
<b>Total Funding Costs</b>	<b>\$115,534,211.98</b>	<b>\$118,996,651</b>	<b>\$144,612,853</b>	<b>\$152,251,523</b>
Current Level Services	115,534,211.98	118,996,651	144,612,853	152,251,523
<b>Total Service Costs</b>	<b>\$115,534,211.98</b>	<b>\$118,996,651</b>	<b>\$144,612,853</b>	<b>\$152,251,523</b>

**Program Description**

Under Title XIX of the Social Security Act, the staff of the Medical Assistance Program administer the Medicaid Program, which includes the Home and Community Based Service Program, for needy individuals and families. Statutory authority for the program is provided for in Title 53, chapter 6, MCA.

**Budget Issues**

During FY87, the Medical Assistance program administrative costs were reduced by about \$5,800 and benefit costs were lowered by \$3.9 million. Table 1 shows the amount of general fund decrease for each category as approved by the June Special Session of the Legislature. Benefit reductions were achieved by extending FY86 reimbursement rates to providers into FY87, by anticipated underexpenditures in some benefit areas, and by an increased federal matching rate.

Table 1  
General Fund Reductions in FY87 Appropriations  
for Medical Assistance

Benefit	HB500 Appropriation	Adjustment	HB30 Appropriation
Operations	\$1,055,230	\$5,834	\$1,049,396
Medicaid Long-Term Care*	16,699,626	517,697	16,181,929
Institutions	4,663,663	757,089	3,906,574
Medicaid Primary Care**	53,108,965	1,316,943	51,792,022
State Medical	3,177,525	151,311	3,026,214
Total	\$78,705,009	\$2,748,874	\$75,956,135

\* Long-term care refers to benefits for nursing home care, referred to as other Medicaid benefits in HB500.

\*\* Primary care denotes Medicaid benefits such as inpatient hospital services, outpatient hospital services, physicians' services, other practitioners, dental, drugs, and other benefits.

A separate issue considered by the June Special Session removed the general fund appropriation to reimburse Medicaid eligible youth who are seriously emotionally disturbed and sent to the new Montana Youth Treatment Center. General fund of \$651,993 was cut from the Medicaid budget for reimbursement to Institutions in FY87. The Montana Youth Treatment Center had been unable to receive Medicaid certification during FY87 and the special session authorized sale of the Center. Sale of the facility will be finalized in December.

The department has requested a supplemental appropriation of \$9.85 million (\$3.5 million in general fund) for Medicaid primary care benefits in FY87. Medicaid expenditures are projected to increase due to increased AFDC caseloads and recent expenditure trends. The department has requested also a supplemental appropriation in FY87 for the state

medical program that is entirely state funded. The \$950,000 request is estimated to be necessary due to higher than anticipated program expenditures which are running 13 percent more than the same time period in FY86.

The recommended 1989 biennium budget for the Medical Assistance program increases about \$29 million in FY88 and about \$37 million in FY89 above the FY86 base. Almost all of the rise in expenditures is due to projected growth in benefit costs for the Medicaid program.

Most operational expenses were held at FY86 actual. FTE increase from 27.49 to 32.99 due to position transfers and the addition of 2.5 FTE for doctors in Butte-Silver Bow, a state-assumed county. The 2.5 FTE were approved by the 1985 Legislature, but inadvertently omitted from HB500. Position transfers include 3.0 FTE from Economic Assistance.

Contracted services costs remain about the same level as FY86 actual expenditures. Increases were allowed for the MMIS operations contracts, and audits for the Youth Treatment Center and Rivendale of Billings. These increases were offset by decreases in other contracts.



Minor equipment purchases are included each year of the biennium. Other small increases are included for rent in county offices for long-term care workers to be hired in FY88.

Benefit increases requested in the Medical Assistance budget are driven by caseload growth as reimbursement rates to providers are frozen at FY86 levels. Although total expenditures for medical benefits increase from FY88 to FY89, the

general fund portion of the payments is projected to decrease for two reasons. First, the federal matching rate for the Medicaid program is estimated to increase throughout the biennium from 67.18 percent in FY87 to 68.91 percent in FY88 to 70.92 percent in FY89. Secondly, the property tax revenue from assumed counties was moved to the medical assistance program during the 1985 Legislative Session and is projected to increase about \$500,000 over the biennium.

Table 2  
1989 Biennium Budget for Selected Medical Benefits

	FY87	FY88	FY89
<u>Benefit</u>	<u>Budgeted</u>	<u>Requested</u>	<u>Requested</u>
State Medical	\$3,026,214	\$3,654,154	\$3,654,154
Long-term Care	44,365,175	48,210,792	50,709,015
Primary Care	51,792,022	69,164,619	73,290,791
Medicaid Waiver	1,806,746	2,894,711	3,378,128
Miscellaneous Medicaid*	15,325,767	16,644,355	17,058,189
<b>Total</b>	<b>\$116,315,924</b>	<b>\$140,568,631</b>	<b>\$148,090,277</b>
General Fund	\$32,799,753	\$38,740,000	\$38,159,883
County Funds	7,393,221	7,612,806	7,845,868
Federal Funds	76,122,950	94,215,825	102,084,526

\* Miscellaneous Medicaid refers to all other benefits including certification reviews, Medicaid buy-in, and Indian Health.

The medical benefits projection is based on several assumptions regarding the AFDC and SSI caseloads, the number of nursing home patients, and the cost per case for different

types of service. The number of AFDC-eligible Medicaid cases is expected to increase 16.84 percent from FY86 to FY89. The number of SSI medicaid eligibles and persons qualified for nursing home care is predicted to rise about 22.8 percent from FY86 actual to FY89, and the cost of providing services to both groups is predicted to almost double.

AUDIT AND PRO. COMPLIANCE DIV. Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	44.00	41.00	38.00	38.00
Personal Services	1,038,675.76	1,050,160	979,147	978,763
Operating Expenses	164,989.35	169,711	152,959	153,409
Equipment	6,666.83	400	0	0
Grants	0.00	128,203	0	0
Benefits and Claims	87,659.29	0	113,483	113,588
<b>Total Program Costs</b>	<b>\$1,297,991.23</b>	<b>\$1,348,474</b>	<b>\$1,245,589</b>	<b>\$1,245,760</b>
General Fund	587,277.75	660,305	549,071	549,103
Federal & Other Spec Rev Fund	710,713.48	688,169	696,518	696,657
<b>Total Funding Costs</b>	<b>\$1,297,991.23</b>	<b>\$1,348,474</b>	<b>\$1,245,589</b>	<b>\$1,245,760</b>
Current Level Services	1,297,991.23	1,348,474	1,245,589	1,245,760
<b>Total Service Costs</b>	<b>\$1,297,991.23</b>	<b>\$1,348,474</b>	<b>\$1,245,589</b>	<b>\$1,245,760</b>

#### Program Description

The Audit and Program Compliance Division primarily provides support to SRS through two bureaus - the Audit Bureau and the Program Integrity Bureau.

The Audit Bureau conducts financial and compliance audits on a statewide basis for the Food Stamp, Aging Services, Foster Care, Case Management Services, Lieap and Weatherization, State Assumption, and certain Medicaid Bureau programs.

The responsibilities of the Program Integrity Bureau include federal quality control and state quality assurance reviews of public assistance cases for eligibility determination. The

Program Integrity Bureau also examines Medicaid claims processing activities to ensure that claims are properly paid. In addition, this bureau handles Department recovery activities related to public assistance overpayments and Medicaid third party liability collections (e.g. health and liability insurance). Furthermore, the Program Integrity Bureau is responsible for recipient and medicaid provider fraud and abuse detection, recipient and medicaid provider administrative sanctions and the screening of fraud referrals for possible prosecution.

#### Budget Issues

The FY87 general fund appropriation for the Audit and Program Compliance Bureau was reduced \$39,962 by the

June Special Session of the 49th Legislature. The cut was made by reducing 3.0 FTE, which are one vacant auditor position and two positions in the quality assurance program.

The 2.0 FTE deleted from quality assurance were investigating economic assistance programs; one position was assigned specifically to the state general assistance program. These positions were included in the additional 4.0 FTE authorized by the 1985 Legislature. The new FTE were expected to recover more in general fund savings than the cost of salaries and operating expenses associated with the investigations.

The recommended budget for the bureau is about \$50,000 lower than the FY86 base. Most of the decrease results from the reduction in personal services costs and operations costs transferred to the new Department of Family Services. Three FTE and associated travel costs were removed from this program and included in the budget for the new department.

Operating expenses decrease due to reductions in the travel and communications budgets. The contract with the Department of Revenue for Medicaid fraud investigations is the only item budgeted in benefits and claims. The contract is 100 percent federally funded and increases about \$25,000 above FY86 actual expenditures.

#### VOCATIONAL REHABILITATION PGM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	65.58	65.75	71.43	71.43
Personal Services	1,446,881.95	1,463,413	1,683,527	1,683,234
Operating Expenses	367,545.93	354,847	393,813	388,504
Equipment	12,794.51	3,810	3,810	3,810
Benefits and Claims	3,445,060.27	3,668,074	4,843,676	4,967,360
<b>Total Program Costs</b>	<b>\$5,272,282.66</b>	<b>\$5,490,144</b>	<b>\$6,924,826</b>	<b>\$7,042,908</b>
General Fund	662,089.75	727,674	730,789	729,668
State Special Revenue Fund	666,181.04	563,666	935,280	1,088,380
Federal & Other Spec Rev Fund	3,944,011.87	4,198,804	5,258,757	5,224,860
<b>Total Funding Costs</b>	<b>\$5,272,282.66</b>	<b>\$5,490,144</b>	<b>\$6,924,826</b>	<b>\$7,042,908</b>
Current Level Services	5,144,399.48	5,490,144	5,476,881	5,471,279
Modified Level Services	127,883.18	0	1,447,945	1,571,629
<b>Total Service Costs</b>	<b>\$5,272,282.66</b>	<b>\$5,490,144</b>	<b>\$6,924,826</b>	<b>\$7,042,908</b>

#### Program Description

The Vocational Rehabilitation program provides services to vocationally-handicapped persons of employable age to restore them to gainful work. Program emphasis is serving the severely disabled. Services include: diagnostic evaluation, vocational training, physical restoration, counseling, job placement and follow up. This program also provides extended employment services to help severely disabled persons who require a sheltered employment setting. Independent living services are provided to those persons who are too severely disabled to benefit from employment training and services. Statutory authority is in Title 53, chapter 7, MCA.

#### Budget Issues

The Vocational Rehabilitation general fund appropriation was reduced by \$15,521 by the June Special Session. Contracted services were decreased by \$521 and extended employment benefits by \$15,000. Benefit reductions resulted from a freeze on provider reimbursement. Current level FTE decrease by .15 due to a transfer to the Visual Services division.

Visual Services and Vocational Rehabilitation divisions underwent reorganizational changes that reassigned and combined functions. Such changes did not impact the total number of FTE between the two programs nor were noticeable funding or budgeting changes required.

The recommended budget for the program increases by about \$200,000 over FY86 expenditures. About one-half that increase is due to growth in personal services costs and

the majority of the balance is in increased benefits and claims.

The recommended budget for benefits and claims represents FY86 current level expenditures. The total amount of funding changes due to the allocation of monies between Vocational Rehabilitation and Visual Services.

#### Modification Requests

The division is proposing four modifications to current level expenditures. The total additional cost would be about \$1.5 million each year including about 25 percent in state special revenue with the balance in federal funds.

One recommendation to increase benefits and claims about \$500,000 per year would provide an increase in services. The funding for the modified is state special revenue and \$100,000 in federal funds per year.

FY88 = \$471,614

FY89 = \$624,714

The second modification proposes to use an amount of general fund (\$29,019) in the current level budget to match federal funds of about \$260,000 to provide services to persons who are not developmentally disabled and do not qualify for vocational rehabilitation. Services to be provided include purchase of adaptive equipment, individual support services and public education.

FY88 = \$261,171

FY89 = \$261,171

The third modification would allow the expenditure of about \$470,000 per year in federal funds to enhance supported employment benefits offered by the division. This modified recommendation was started by budget amendment in FY87 and could extend for five years.

FY88 = \$470,517

FY89 = \$441,101

The final modified proposal was authorized to begin in FY87 by budget amendment also. It allows expenditure of

federal funds to provide 6.00 FTE to handle case management services for the expanded supported employment program.

FY88 = \$250,000

FY89 = \$250,000

DISABILITY DETERMINATION PGM Budget Detail Summary		Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees		44.13	44.13	44.13	44.13
Personal Services		1,204,406.92	1,081,537	1,215,504	1,219,448
Operating Expenses		1,009,123.92	1,151,479	1,085,314	1,084,960
Equipment		21,675.25	11,000	16,819	6,435
Benefits and Claims		52,432.64	75,891	75,891	75,891
<b>Total Program Costs</b>		<b>\$2,287,638.73</b>	<b>\$2,319,907</b>	<b>\$2,393,528</b>	<b>\$2,386,734</b>
Federal & Other Spec Rev Fund		2,287,638.73	2,319,907	2,393,528	2,386,734
<b>Total Funding Costs</b>		<b>\$2,287,638.73</b>	<b>\$2,319,907</b>	<b>\$2,393,528</b>	<b>\$2,386,734</b>
Current Level Services		2,271,288.73	2,319,907	2,393,528	2,386,734
Modified Level Services		16,350.00	0	0	0
<b>Total Service Costs</b>		<b>\$2,287,638.73</b>	<b>\$2,319,907</b>	<b>\$2,393,528</b>	<b>\$2,386,734</b>

#### Program Description

The Disability Determination program determines disability of Montana citizens who apply for Social Security Disability Insurance and Supplemental Security Income Disability benefits.

The SSDI program is intended to provide benefits only to those insured individuals (and qualified dependents) who become unable to work because of an illness or injury expected to last for at least 12 full months or which may cause death.

The SSI program is intended to provide an income floor to those disabled individuals eligible from an income and resource level who become unable to work because of an illness or injury which is expected to last for at least 12 full months or which may cause death.

Face to face hearings are conducted prior to termination of benefits for disabled beneficiaries receiving SSDI benefits.

#### Budget Issues

The Disability Determination program is almost entirely federally funded. However, a small portion of the program revenue is derived from a contract with the Medical Assistance program, requiring a state match within the Medical Assistance program budget. The contract amount is about \$48,000 in FY87 and provides medical examinations for approximately 200 state medical recipients to determine if they qualify for the Medicaid program.

During FY86, the program received additional federal funding to purchase and install its own case management and program data base computer system. Personal services costs were increased to reflect new federal regulations requiring more extensive review on mental cases.

The 1989 budget for this program increases almost \$100,000 above FY86 expenditures. Higher costs are anticipated for contracted medical secretarial services, computer processing fees and federally-mandated travel. Client travel, budgeted in benefits and claims, rises about \$15,000 above FY86 to the level budgeted in FY87.

VISUAL SERVICES PRGM Budget Detail Summary		Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees		19.75	20.45	19.90	19.90
Personal Services		438,883.19	459,936	489,210	489,054
Operating Expenses		165,189.39	170,167	112,408	111,489
Equipment		2,959.66	1,000	7,670	8,155
Benefits and Claims		360,137.81	288,928	424,267	424,267
<b>Total Program Costs</b>		<b>\$967,170.05</b>	<b>\$920,031</b>	<b>\$1,033,555</b>	<b>\$1,032,965</b>
General Fund		241,829.81	247,794	275,232	275,114
Federal & Other Spec Rev Fund		725,340.24	672,237	758,323	757,851
<b>Total Funding Costs</b>		<b>\$967,170.05</b>	<b>\$920,031</b>	<b>\$1,033,555</b>	<b>\$1,032,965</b>
Current Level Services		967,170.05	920,031	1,033,555	1,032,965
<b>Total Service Costs</b>		<b>\$967,170.05</b>	<b>\$920,031</b>	<b>\$1,033,555</b>	<b>\$1,032,965</b>

#### Program Description

The Visual Services program provides rehabilitation services to blind and visually-impaired individuals. These services

include: medical examination, vocational counselling, physical restoration services, job training, job placement, and

follow-up services. Special programs offered by Visual Services include the following:

The Visual Services Medical program provides eye care for medically indigent persons.

Program for Independent Living Skills (PILS) trains newly blinded individuals to live independently.

The Mobility and Orientation program trains visually-impaired individuals to travel independently.

The Rehabilitation Teaching program teaches independent living skills.

The Visual Services Program also provides training for hospital and nursing home personnel in working with blind and visuallyhandicapped persons. Statutory authority for the program is in Title 53, chapter 7 - 3 MCA.

#### Budget Issues

The Visual Services FY87 general fund appropriation was reduced \$90 in HB30 passed by the June Special Session of the Legislature. This division and Vocational Rehabilitation underwent some functional and administrative

reorganizational changes. The reorganization did not change the total number of FTE between the two programs. However, .15 FTE was transferred from Vocational Rehabilitation to Visual Services to reflect the correct allocation of the position.

The 1989 biennium budget recommendation for this program increases about \$66,000 over current level in FY86. The growth in expenditures is absorbed about equally between general fund and federal funds.

About \$50,000 of the increase occurs in personal services costs. Benefits and claims rise by \$64,000. Declines in contracted services costs offset some of the increases in these two areas. Purchases for adaptive equipment to allow visually-impaired employees to use the division personal computers are included in each year of the biennium.

The increase in benefits and claims is due to transfer of authority between Visual Services and Vocational Rehabilitation, which results in the \$64,000 addition to benefits and claims. The amount budgeted in this category does not increase between FY88 and FY89.

DEVELOPMENTAL DISAB PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	31.25	31.25	31.25	34.25
Personal Services	856,786.22	844,145	888,990	959,492
Operating Expenses	269,393.87	245,768	264,069	267,751
Equipment	7,452.60	0	0	1,773
Grants	0.00	16,605	0	0
Benefits and Claims	15,737,382.71	17,361,565	17,378,170	18,862,709
<b>Total Program Costs</b>	<b>\$16,871,015.40</b>	<b>\$18,468,083</b>	<b>\$18,531,229</b>	<b>\$20,091,725</b>
General Fund	3,479,454.68	5,434,711	5,523,569	6,494,660
Federal & Other Spec Rev Fund	13,391,560.72	13,033,372	13,007,660	13,597,065
<b>Total Funding Costs</b>	<b>\$16,871,015.40</b>	<b>\$18,468,083</b>	<b>\$18,531,229</b>	<b>\$20,091,725</b>
Current Level Services	16,871,015.40	18,468,083	18,531,229	18,524,317
Modified Level Services	0.00	0	0	1,567,408
<b>Total Service Costs</b>	<b>\$16,871,015.40</b>	<b>\$18,468,083</b>	<b>\$18,531,229</b>	<b>\$20,091,725</b>

#### Program Description

The Developmental Disabilities program exists to assure provision of quality services to developmentally-disabled citizens according to Title 53, chapter 20, MCA. An array of residential, vocational, family and other services are provided through contracts with local private non-profit corporations. Among those eligible to receive services are persons with mental retardation, cerebral palsy, epilepsy, autism, or those with neurologically handicapping conditions similar to mental retardation that occur prior to age eighteen.

#### Budget Issues

The Developmental Disabilities Division FY87 general fund appropriation was reduced almost \$600,000 by the June 1986 Special Session of the 49th Legislature. Most of the reduction (\$546,736) resulted from a freeze on provider rate reimbursements. The balance of the reduction \$30,715 was taken in increased vacancy savings and reductions in contracted services and rent.

The 1985 Session of the Legislature approved an expansion in services for the division and added 1.0 FTE. In addition, all the social service block grant funds were transferred to this program and general fund was reduced.

The division provided an additional 308 service slots in FY86. Of that number, 68 are for day services; 43 are for group home placements; 24 are for semi-independent living group home slots; 63 are for specialized family care and family training; 30 are for vocational placement; and the balance provide transportation and respite services. In FY87, services will be expanded another 191 slots with 70 more group home placements; 23 day service slots; 24 family training and specialized family care services; 15 vocational placements; and 59 respite and transportation service slots.

Language in HB500 directs the department to consider the development of residential services for autistic children a priority in its expansion of services. A group home with six placements for autistic children is scheduled to open prior to 1987 fiscal year end.

The two percent general fund reduction is being applied to the DDD FY87 appropriation. The start up of expansion projects will be delayed to reduce general fund expenditures. However, all planned expansion will still come on-line in FY87.

The recommended budget for the division for the 1989 biennium is held to current level operations costs in FY86

with few exceptions. The benefits and claims budget increases above the FY86 base due to the annualization of costs of expansion in FY86 and FY87. The amount budgeted for benefits does not grow between FY88 and FY89.

Personal services costs increase over the base year as there were several short-term vacancies and one extended vacancy in FY86. Operations costs decrease overall; however, several increases were granted. The division plans to implement an on line, automated system for client applications and case-load management. Printing, data processing and contracted services costs are budgeted above the base level year in order to implement the system. The division recently received a grant to purchase computers and related equipment. Travel was recommended at the FY87 budgeted level because the base year expenditures reflected the high vacancy rate.

General fund increases as a proportionate share of the total program funding because of the expansion in services and

because of a decrease in Title XX funding. The general fund allocated to benefits and claims was increased \$120,000 to offset a like reduction in Title XX.

#### Modification Request

Budget authority of \$1.567 million in FY89 is requested for specialized services for the severely disabled. A system of seven group homes with the capacity to serve 52 individuals would be built in one of the larger communities in Montana. The specialized service and support organization (SSSO) would provide direct services to individuals as well as coordinate support services such as occupational, psychological and physical therapy. The cost of the modified recommendation would be split about 67 percent to the general fund and 33 percent to federal funds. Three FTE are included in the proposal - one division staff and two case managers.

FY88 = \$98,595

FY89 = \$16,976

#### DEVELOPMENTAL DISABILITY ADVISORY COUNCIL Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	3.00	3.00	6.00	3.51
Personal Services	56,815.74	60,686	135,222	77,204
Operating Expenses	28,806.45	44,314	68,123	44,672
Equipment	4,284.14	0	250	100
Grants	0.00	195,000	0	0
Benefits and Claims	176,426.15	0	195,000	195,000
<b>Total Program Costs</b>	<b>\$266,332.48</b>	<b>\$300,000</b>	<b>\$398,595</b>	<b>\$316,976</b>
Federal & Other Spec Rev Fund	266,332.48	300,000	398,595	316,976
<b>Total Funding Costs</b>	<b>\$266,332.48</b>	<b>\$300,000</b>	<b>\$398,595</b>	<b>\$316,976</b>
Current Level Services	266,332.48	300,000	300,000	300,000
Modified Level Services	0.00	0	98,595	16,976
<b>Total Service Costs</b>	<b>\$266,332.48</b>	<b>\$300,000</b>	<b>\$398,595</b>	<b>\$316,976</b>

#### Program Description

The Montana State Developmental Disabilities Planning and Advisory Council (DDPAC) administers funds paid to the State of Montana to make a significant contribution toward strengthening services for persons with developmental disabilities. In performing this mandate, DDPAC provides advice to the Governor's office, the department, other state agencies, local governments and private organizations on programs and services for persons with developmental disabilities. The council is provided for in sections 53-20-206 and 2-15-2204, MCA.

#### Budget Issues

The Developmental Disability Advisory Council is federally funded through the Developmental Disabilities Act of 1984. Montana receives the minimum grant award of \$300,000. No more than 35 percent of this grant may be spent on administration; at least 65 percent must be spent on benefits.

The 1985 Legislature authorized an additional FTE for this program with the understanding that the Council could chose to fill the position at half time. The position has been filled at a .6 FTE.

Language in HB500 directs the Council to expend grant funds for direct services. Some grants funded in FY86 were for the following purposes and uses: employment projects,

summer camp scholarships, parents' support conferences, long-range planning, epilepsy awareness, and dual diagnosis projects.

The 1989 biennium budget for this program is higher than FY86 actual expenditures. The bulk of the increase is budgeted in benefits and claims, which is about \$20,000 higher than FY86. Operational costs rise in communications expenses and travel for members of the advisory council.

#### Modification Request

The council is requesting authority to spend the remainder of grant funds approved in the budget amendment bill passed during the June Special Session. The Montana Employment Project for Persons with Developmental Disabilities is federally funded. The project objectives are: to establish a single point of access for developmentally-disabled individuals for state services and to assist persons in gaining the least restrictive and most beneficial vocational placement.

Three FTE and associated operating costs are included in this recommendation. Originally, the advisory council had anticipated that contractors would be hired to perform the grant activities. However, the Internal Revenue Service determined that the level of supervision and provision of operating expenses was such that the persons hired could not be independent contractors and must be employees of the state.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	645.38	645.38
Personal Services	0.00	0	15,360,653	15,380,088
Operating Expenses	0.00	0	3,252,910	3,302,037
Equipment	0.00	0	482,179	478,148
Benefits and Claims	0.00	0	14,560,621	14,555,621
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$33,656,363</b>	<b>\$33,715,894</b>
General Fund	0.00	0	20,307,588	20,317,806
State Special Revenue Fund	0.00	0	164,451	163,542
Federal & Other Spec Rev Fund	0.00	0	13,184,324	13,234,546
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$33,656,363</b>	<b>\$33,715,894</b>
Current Level Services	0.00	0	33,287,063	33,346,594
Modified Level Services	0.00	0	369,300	369,300
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$33,656,363</b>	<b>\$33,715,894</b>

#### Agency Description

In November of 1985, the Governor appointed the Council on Reorganization of Youth Services to recommend ways to reorganize and improve the delivery of current services to Montana's problem youth. After 10 months of deliberation, the 19-member Council recommended the establishment of a new department. This department will consolidate children and youth services currently provided by the state and the district courts to create a more efficient, effective and accountable youth service system. Some other related services will also be moved to the new department.

The paramount focus of this reorganization is to create a structure that:

1. consolidates the responsibility to provide services to, and placement of, children and youth with the fiscal responsibility and accountability for public funds, and
2. includes local involvement in development and delivery of community-based services.

The operational characteristics of the new Department of Family Services are of major importance in improving the current fragmentation. The Council recommends that:

1. decisions on service delivery and service availability be made closer to the local level,
2. funding decisions be more closely linked to case decisions,
3. intake or entry into the youth services system be centralized at the local level,
4. responsibility and authority for youth services be assigned to a single agency,
5. youth who are a public responsibility have equal access to services regardless of legal label,
6. the new department be the single focal point for accountability and advocacy for youth services,
7. current sources and funding amounts continue to support children and youth services in the single agency,
8. the dispositional authority of the youth court be balanced with the agency responsibility for funding dispositional services, and
9. children and youth services be delivered from the same agency that deals with other family services.

These attributes must be foremost in all development and implementation activities undertaken in this consolidation. The anticipated results are a more efficient delivery system to clients and their families and better utilization of existing funds.

The new Department of Family Services will encompass current:

- \* youth probation services under the district courts,
- \* SRS child protective services (CPS), including foster care,
- \* youth correctional institutions and the aftercare programs from Department of Institutions, and
- \* other SRS Community Services programs such as adult protective and aging services, domestic abuse, and developmental disabilities case management.

Adult protective services in rural Montana are often provided by the same worker as child protective services (CPS), and are included, as are the closely related aging services program. The proposal is to reorganize existing levels of services and does not address the numerous requests for additional funding and expansion.

The effect of this consolidation on the legislative perspective of child and youth services will be that:

1. one legislative appropriations subcommittee will deal with all children and youth services budgets (currently two subcommittees hear these budgets),
2. the budgets for both community-based services and institutional services will be in the same agency which will allow the legislature to better monitor and coordinate the impacts these budgets have on each other, and
3. fiscal and program accountability for these services will be in one agency with clear responsibility for all service components.

There are several assumptions that are used as the basis for the budget of the Department of Family Services to create the recommended effects of the consolidation:

1. All funding parties, including counties, shall continue their current level of support with some financial incentives for counties.
  - 1.a. The counties' financial support of the youth probation function will be frozen at the 1987 budgeted level.
  - 1.b. With the exception of foster care, financial support from counties for child welfare services will be frozen at the FY87 expenditure level.

- 1.c. County participation for SRS foster care will continue at the current matching ratio of approximately 50% of the non-federal share up to their 1987 expenditure level. The counties' matching ratio above the 1987 expenditure level will be reduced to 25% of the non-federal share.
- Counties will continue to provide current level support as in FY87 (such as space, equipment, clerical, etc.) to the protective services staff and the youth probation staff. During the 1989 biennium, these support services and related costs will be identified along with corrective action and presented to the 1989 Legislature.
  - The creation of the new Department of Family Services will maintain, and hopefully increase, the benefit levels to children and youth.
  - If any non-assumed counties opt for state assumption, the related 12 mills will be allocated to SRS. SRS will then transfer the amount of county participation in child and adult protective services for the previous year to the new department in general fund dollars.

Program and operational assumptions are:

- The new department will be organized into 12-14 local service areas with the actual delivery of services at the county level. The boundaries of the service areas will coincide with the 20 judicial districts.
- The inclusion of adult protective services and the aging program in the new department is most efficient and will result in higher visibility for those service areas.
- In general, field staff in aftercare, adult and child protective services and youth probation will continue to

provide services to approximately the same areas of the state.

- Eligibility technicians within the Eligibility Determination Bureau of SRS will continue to provide eligibility determinations for the new department.
- Social workers moved with Community Services to the new department will continue to supply case management for developmentally disabled individuals. A contractual arrangement with SRS may be necessary for funding.
- The new director will have the flexibility to organize the department according to management and operational style to achieve the recommended results while best meeting the needs of Montana children. Existing programs are being consolidated as "functions and services" to be organized into programs by the new director.

Functions and services of the new Department of Family Services are currently provided by the Department of SRS, Department of Institutions and county governments. The consolidation of these functions within a single department has resulted in seven areas which will be presented as programs for budget purposes only:

- Management Support
- Community Services
- Mountain View
- Pine Hills
- Aftercare Services
- Youth Evaluation
- County Probation

The following table illustrates the movement of these seven program areas from their current status to the proposed status.

— TOTAL COST —

DEPARTMENT/PROGRAM

UNDER CURRENT LAW

Department of SRS:

Community Services Division

Administration/Audit

Department of Institutions:

Mountain View

Pine Hills

Aftercare Counselors

Aftercare Group Homes

Individual Living

Interstate Compact

Aftercare Hearings

Educational Programs

Youth Evaluation Program

Aftercare Administration

County Governments:

County Probation

TOTAL

UNDER PROPOSED LAW

Management Support

Community Services Division

Mountain View

Pine Hills

Aftercare Services

Youth Evaluation Program

County Probation

TOTAL

DIFFERENCE (Fam. Ser Less)

	<u>FTE</u>	<u>FY88</u>	<u>FY89</u>
Department of SRS:			
Community Services Division	359.92	\$24,187,612	\$24,227,737
Administration/Audit	9.50	703,430	710,517
Department of Institutions:			
Mountain View	67.49	1,854,765	1,861,133
Pine Hills	118.77	3,444,590	3,458,892
Aftercare Counselors	6.00	174,319	174,373
Aftercare Group Homes	0.00	246,797	239,864
Individual Living	0.00	5,530	5,530
Interstate Compact	0.00	915	915
Aftercare Hearings	0.00	1,631	1,631
Educational Programs	0.00	5,927	5,927
Youth Evaluation Program	6.00	147,873	146,454
Aftercare Administration	1.00	36,527	36,474
County Governments:			
County Probation	87.50	2,846,447	2,846,447
<u>TOTAL</u>	656.18	\$33,656,363	\$33,715,894
<u>UNDER PROPOSED LAW</u>			
Management Support	15.50	\$ 739,957	\$ 746,991
Community Services Division	344.12	24,187,612	24,227,737
Mountain View	67.49	1,854,765	1,861,133
Pine Hills	118.77	3,444,590	3,458,892
Aftercare Services	6.00	435,119	428,240
Youth Evaluation Program	6.00	147,873	146,454
County Probation	87.50	2,846,447	2,846,447
<u>TOTAL</u>	645.38	\$33,656,363	\$33,715,894
<u>DIFFERENCE (Fam. Ser Less)</u>	(10.80)	0	0

There is a net reduction of 10.80 FTE. This is a result of eliminating 15.80 FTE from the Community Services Division

and adding 5.00 FTE to the Management Support function.

Though there is no net change in dollars, there is a difference in the funding split as presented below.

<u>FUNDING TYPE</u>	<u>CURRENT</u> <u>LAW</u>	<u>PROPOSED</u> <u>LAW</u>	<u>DIFFER-</u> <u>ENCE</u> <u>(Proposed</u> <u>Less)</u>
General Fund:			
FY88	\$20,276,338	\$20,307,588	\$ 31,250
FY89	20,286,556	20,317,806	31,250
County/Federal:			
FY88	\$13,380,025	\$13,348,775	\$ (31,250)
FY89	13,429,338	13,398,088	(31,250)
TOTAL			
FY88	\$33,656,363	\$33,656,363	0
FY89	33,715,894	33,715,894	0

There is an increase of general fund by \$31,250 per year, with a like offset in county funds. The county commitment for foster care costs above the FY87 level will be reduced from 50% of the non-federal share to 25%. This proposal is explained in more detail within the narrative for Community Services.

<u>MANAGEMENT SUPPORT</u> <u>Budget Detail Summary</u>	<u>Actual</u> <u>FY 1986</u>	<u>Budgeted</u> <u>FY 1987</u>	<u>Recommendation</u> <u>FY 1988</u>	<u>FY 1989</u>
Full Time Equivalent Employees	.00	.00	15.50	15.50
Personal Services	0.00	0	401,124	400,791
Operating Expenses	0.00	0	321,833	324,200
Equipment	0.00	0	17,000	22,000
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$739,957</b>	<b>\$746,991</b>
General Fund	0.00	0	467,405	472,799
Federal & Other Spec Rev Fund	0.00	0	272,552	274,192
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$739,957</b>	<b>\$746,991</b>
Current Level Services	0.00	0	739,957	746,991
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$739,957</b>	<b>\$746,991</b>

#### Program Descriptions

The Management Support function provides for the overall management and policy development of the department. Support services for the entire department are also provided which include administrative, fiscal, budget, and data processing.

The Director's Office is part of this program.

#### Budget Issues

Funding and FTE for the Management Support function were transferred from the departments of SRS and Institutions. The following table briefly identifies these transfers and is followed by a narrative.

<u>Department/Program</u>	<u>FTE</u>	<u>FY88</u>	<u>FY89</u>
<b>TRANSFERRED FROM:</b>			
<b>PERSONAL SERVICES</b>			
SRS - Community Services	( 9.50)	\$(214,500)	\$(214,346)
Administration/Audit	(15.80)	(399,476)	(406,550)
Institutions - Corrections	( 1.00)	( 33,012)	( 32,959)
Total Personal Services	(26.30)	\$(646,988)	\$(653,855)
<b>OPERATING</b>			
SRS - Administrative/Audit	0	\$( 89,454)	\$( 89,621)
Institutions - Corrections	0	( 3,515)	( 3,515)
Total Operating	0	\$( 92,969)	\$( 93,136)
Total Transfer	(26.30)	\$(739,957)	\$(746,991)
<b>TRANSFERRED TO:</b>			
Management Support			
Personal Services	15.50	\$401,124	\$400,791
Operating		321,833	324,200
Equipment		17,000	22,000
Total	15.50	\$739,957	\$746,991
<b>DIFFERENCE</b>	<b>(10.80)</b>	<b>\$ 0</b>	<b>\$ 0</b>

#### SRS-Community Services

Funding transferred from the Community Services Division represents personal services for 15.80 FTE. These FTE

reflect the 20% of salaries and FTE for county directors and clerical staffs. The remaining 80% of salary and FTE is



within the Eligibility Determination Bureau in SRS. Rather than transfer these FTE and salaries to the Eligibility Determination Bureau, the decision was made to use this money for support services within the new department. The Eligibility Determination Bureau will have to make up this loss. The narrative for Community Services offers a more detailed explanation.

Though 15.80 FTE were available for transfer to management support, only 5.00 FTE were actually needed. This results in a net reduction of 10.80 FTE as shown in the above table. Personal services for the 10.80 FTE were utilized for operating expenses.

#### SRS-Administration/Audit

The 9.50 FTE and related costs represent administration and support costs directly related to the Community Ser-

vices Division. These expenses will no longer be incurred by the SRS Administration and Support Bureau and the SRS Audit and Compliance Bureau once the Community Services Division is transferred to the new department. It should be noted that the Community Services Division received over \$700,000 per year in support services from SRS. The difference of \$400,000 per year could not be eliminated from SRS as these are on-going costs which will continue whether or not the Community Services Division is transferred.

#### Institutions-Corrections

One FTE and related operating costs are transferred from the Corrections Division. This individual provides support services to the aftercare functions.

#### COMMUNITY SERVICES Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	344.12	344.12
Personal Services	0.00	0	8,032,394	8,033,393
Operating Expenses	0.00	0	1,170,152	1,214,278
Equipment	0.00	0	424,445	424,445
Benefits and Claims	0.00	0	14,560,621	14,555,621
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$24,187,612</b>	<b>\$24,227,737</b>
General Fund	0.00	0	14,711,299	14,702,946
State Special Revenue Fund	0.00	0	89,300	89,300
Federal & Other Spec Rev Fund	0.00	0	9,387,013	9,435,491
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$24,187,612</b>	<b>\$24,227,737</b>
Current Level Services	0.00	0	23,818,312	23,858,437
Modified Level Services	0.00	0	369,300	369,300
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$24,187,612</b>	<b>\$24,227,737</b>

#### Program Description

The primary and legally mandated role of the Community Services Division is to provide protective services to ensure the health, welfare and safety of children, the developmentally disabled and elderly who are in danger of abuse, neglect or exploitation. The division also provides supportive services to senior citizens to enable them to maintain their independence. Statutory authority for this program is provided in Title 53, chapters 4 and 5, MCA.

#### Reorganization

The Community Services Division moves in its entirety to the new Department of Family Services.

Two significant changes were made to Community Services solely as a result of the proposed reorganization.

The first change revolves around the fact that the Division's current level budget contains 20% of the salaries for county directors and their clerical staff (15.80 FTE). The 15.80 FTE were eliminated from Community Services and WERE NOT transferred to the Eligibility Determination Bureau within SRS where the remaining 80% of FTE are budgeted. The related personal services of \$399,473/406,550 were used to help support the Management Support function. Though the "20%" FTE were not transferred to the Eligibility Determination Bureau, the bureau will be expected to make up for the lost FTE and related personal services within the current level budget.

Table 1 shows the impact to the Community Services budget of eliminating the 15.80 FTE.

Table 1  
IMPACT TO THE COMMUNITY SERVICES BUDGET

	- FTE		- RELATED COST	
	FY88	FY89	FY88	FY89
Before				
Reorganization	359.92	359.92		
Co. Directors (33 X 20%)	(6.6)	(6.6)	\$(230,496)*	\$(234,579)*
Clerical (46 X 20%)	(9.2)	(9.2)	(168,977)*	(171,971)*
After				
Reorganization	344.12	344.12		
Net Reduction	(15.80)	(15.80)	\$(399,473)	\$(406,550)

#### \*Approximate breakdowns

The second change impacts counties' future commitment to the financial support of child welfare services offered by Community Services. The Governor's Council on Reorganization of Youth Services made two recommendations concerning county funding. With the exception of foster care, financial support from the counties would be frozen at the FY87 level for all child welfare services. There would be no fiscal impact as a result of this recommendation for the 1989 biennium. Any future expansion would be the burden of the State. Currently, counties pay approximately 50% of non-federal costs for foster care. This commitment would be

reduced to 25% for expenses above the FY87 level. The fiscal impact of this recommendation for the 1989 biennium would be an increase of general fund by \$31,250 per year.

#### Budget Issues

The Community Services Division reduced operation expenses to meet the five percent cut in FY87 and the unfunded portion of the FY87 pay plan by deleting 20.99 FTE home attendant positions. Staffing between counties was compared and the reduction was allocated according to population characteristics of each county (percent of elderly, percent of youth, and total population). The division also reduced training by \$90,000 and transferred the funds to pay personal services costs. Additionally, the June 1986 Special Session of the legislature eliminated twelve new special worker positions scheduled to be hired throughout FY87, foregoing about \$214,000 per year in personal services costs.

Reductions to FY87 benefit appropriations were made also. The June 1986 Special Session of the legislature disallowed rate increases for FY87 and maintained FY86 rates for benefits in the Community Services Division. Appropriations for day care, subsidized adoption and Supplemental Security Income (SSI) were reduced to reflect anticipated under expenditures. Table 2 summarizes the reductions. The total decrease, \$269,640, is about 9.2 percent of the amount originally appropriated in HB500 for the referenced benefits.

Table 2

#### GENERAL FUND REDUCTIONS IN COMMUNITY SERVICES DIVISION BENEFITS

<u>FY87 Benefits</u>	<u>HB500 Appropriation</u>	<u>Reduction</u>	<u>HB30 Appropriation</u>
Day Care	\$ 457,063	\$ 38,302	\$ 418,761
Big Brothers and Sisters	226,000	16,950	209,050
Domestic Violence	137,146	5,275	131,871
Subsidized Adoption	161,245	15,000	146,245
State Supplemental Security Income	946,446	99,698	846,748
West Yellowstone Project	7,436	215	7,221
Legal Services	50,000	50,000	0
Training	272,156	9,674	262,482
Home Health	31,249	16,202	15,047
Aging	631,081	18,324	612,757
<b>TOTAL</b>	<b>\$2,919,822</b>	<b>\$269,640</b>	<b>\$2,650,182</b>

The June 1986 Special Session froze foster care benefit rates at the FY86 level, but did not reduce the appropriation because the foster care program required a supplemental in FY86 and a supplemental is being requested for FY87. Foster care received an additional \$609,700 in FY86 (almost 10 percent of the original appropriation). Actual expenditures in FY86 for foster care were \$6,941,167, about \$1.3 million more than appropriated. The supplemental being requested for foster care for FY87 is \$1.8 million.

The Division budget recommendation for the 1989 biennium does not increase above the current level FY86 operations expenditures; however, about \$425,000 is included each year for office automation equipment and software. This request would allow district, county and state offices to

obtain personal computers, provide for on-line access to the mainframe computer at the Department of Administration and fund required training. The total cost would be about 12 percent federally funded, 80 percent state funded, and 8 percent county funded.

The budget request for Community Services Division benefits does not increase above current level FY87 expenditures with the exception of subsidized adoption and state Supplemental Security Income payments (see Table 3). Subsidized adoption and SSI payments increase due to annualization of payments made to clients and providers beginning throughout FY86. Provider rates are frozen at the FY86 level for all benefits.

Table 3

#### BUDGET RECOMMENDATION FOR COMMUNITY SERVICES DIVISION BENEFITS

<u>Benefit</u>	<u>FY87 Appropriation</u>	<u>FY88-89 Request</u>
Foster Care*	\$ 7,527,269	\$ 7,527,954
Child Abuse	73,821	81,617
SSI-State	846,748	919,790
Day Care	418,761	418,761
Alcohol Treatment for Youth	213,750	213,750
Domestic Violence	131,871	131,871
Subsidized Adoption	161,245	175,531
Lewis and Clark County Home Health	15,047	15,047
Big Brothers/Sisters	209,050	203,400
West Yellowstone	7,221	7,150
Refugee Resettlement	250,000	200,000
Aging Services	1,200,016	1,196,065
Congregate Meals	1,658,819	1,538,283
Home Delivered Meals	352,462	311,119
Cash-in-lieu of Commodities Aging	626,980	626,980
Title IV Training	30,000	30,000
Legacy Legislature**	0	5,000
Information Referral	137,681	137,681
In-Home Services	286,000	286,000
State Grants	189,076	179,622
<b>TOTAL</b>	<b>\$14,335,817</b>	<b>\$14,205,621</b>

\*Foster care FY87 budget includes a supplemental request.

\*\*The Legacy Legislature is funded in FY88 only.

State SSI benefits rise due to the expansion in services of the SRS Developmental Disabilities Division that was authorized by the 1985 Legislature and continued with some decreases by the June 1986 Special Session. Subsidized adoption benefits increase due to annualization of cases added throughout FY86.

The foster care budget for the division remains at the FY87 anticipated cost including the supplemental request (see Table 4). Priorities for People has identified adequate funding for foster care in FY88-89 as a priority, requesting an increase in funding such as that proposed in this budget recommendation.

Foster care costs of \$7.5 million are anticipated, with the federal share increasing slightly due to a higher federal matching rate in certain foster care benefits. Increased caseload growth is funded in the modified level request.

Table 4  
FOSTER CARE BUDGET RECOMMENDATION

<u>Funding</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
State	\$4,150,089	\$4,736,014	\$4,711,219	\$4,673,541
County	1,164,764	1,155,034	1,155,034	1,155,034
Federal	<u>1,626,314</u>	<u>1,636,221</u>	<u>1,661,701</u>	<u>1,699,379</u>
TOTAL	\$6,941,167	\$7,527,269	\$7,527,954	\$7,527,954

**Budget Modifications**

**FOSTER CARE:** The Community Services Division has requested \$250,000 each year of the 1989 biennium to fund community-based services such as counseling and intervention. Group homes have occupancy rates of about 85 percent, limiting availability of openings. The division intends to increase support services within communities to avoid high cost treatment alternatives such as out of state placements. The cost of the modified request is \$218,750 in general fund and \$31,250 in county funds. This funding split reflects a proposed change in county funding as a result of proposed reorganization. Counties would be responsible for costs up to FY87 expenditures and county contributions in excess of the FY87 cap would be reduced by half from current cost allocations. The balance of the amount formerly paid by counties would shift to the general fund. Under current law, the cost of this modification would be \$62,500 in county funds and \$187,500 in general fund.

**CHILDREN'S TRUST FUND:** Spending authority of \$89,300 per year is recommended to allow expenditure of funds collected by the Montana Children's Trust Fund Account. The Montana Children's Trust Fund program, established by SB19 of the 1985 legislature, purchases services

and activities related solely to the prevention of child abuse and neglect.

The requested amounts of \$89,300 per year are projections based on nine months of operation. Should actual revenues exceed these projections, it is recommended that budget amendments be approved up to the difference.

**IN-HOME SERVICES:** This modification request for \$30,000 per year in general fund will provide additional services to the aging network's local programs to help meet the needs of the elderly in providing the following services: home attendant, home care, personal care, respite care, medical alert, environmental modification, home health, and transportation. The program will be targeted to elderly who are 75 years or older, living alone or are socially and economically disadvantaged. A \$30,000 per year increase will allow in-home services to be extended to an additional 851 eligible clients in the community, based on an average cost in FY86 of \$35.25 per person. The nursing home cost for 850 people (the most conservative number served in FY86 who, without the program, would have required nursing home placement) would on average exceed \$14.5 million per year.

<u>MOUNTAIN VIEW</u> <u>Budget Detail Summary</u>	<u>Actual</u> <u>FY 1986</u>	<u>Budgeted</u> <u>FY 1987</u>	<u>Recommendation</u> <u>FY 1988</u>	<u>FY 1989</u>
Full Time Equivalent Employees	.00	.00	67.49	67.49
Personal Services	0.00	0	1,528,116	1,536,372
Operating Expenses	0.00	0	324,747	323,502
Equipment	0.00	0	1,902	1,259
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,854,765</b>	<b>\$1,861,133</b>
General Fund	0.00	0	1,739,326	1,746,590
State Special Revenue Fund	0.00	0	15,982	14,982
Federal & Other Spec Rev Fund	0.00	0	99,457	99,561
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,854,765</b>	<b>\$1,861,133</b>
Current Level Services	0.00	0	1,854,765	1,861,133
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,854,765</b>	<b>\$1,861,133</b>

**Program Description**

The staff at Mountain View School has the responsibility to properly diagnose, care for, train, educate, and rehabilitate female youth between the ages of 10 and 21 years who have been committed by the courts. A 45-day evaluation program is provided. Each youth is provided with an individualized education program, as well as diagnostic and treatment services. The facility is provided for in 53-30-202, MCA.

**Reorganization**

The total budget for Mountain View was moved into the new Department of Family Services. Added to the current level budget were related medical costs of \$20,324 per year for FY88 and FY89. These medical costs came from the medical program within the Corrections Division.

Under the proposed reorganization, Mountain View will receive "program" status rather than "agency" status which is currently the case.

**Budget Issues**

There are 1.8 positions recommended for deletion in order to meet the necessary budget reductions established in the June Special Session. This action will save over \$39,000 in personal services each year in the upcoming biennium.

This budget also reflects the reduction of 5.16 FTE which were statutorily appropriated in HB667 by the 49th legislature for a youth detention center. Because of underutilization, the center was eliminated during the June 1986

Special Session. The resulting cost savings exceeded \$102,000.

Population increases at the school have necessitated adding 4.80 FTE to cover another post and opening another cottage at the facility. The personal services costs for these FTE are over \$86,000 each year. The population has increased from a budgeted level of 45 average daily population (ADP) to an anticipated population of 70 each year of the 1989 biennium.

Mountain View was budgeted for 64.49 FTE each year of the 1987 biennium. HB667 added 5.16 FTE for the detention center, increasing the total to 69.65 FTE. The reduction of the 1.8 FTE for budget base adjustments, the deletion of the 5.16 FTE for the detention center and the increase of 4.8 FTE for the population increase nets to our recommendation of 67.49 FTE for each year of the 1989 biennium.

A 4% vacancy savings factor is recommended for Mountain View School.

The actual FY86 population (ADP) at Mountain View was 56. The September 1986 population report shows an ADP of 61.3 residents in early FY87. The anticipated population of 70 young women at the school dictates the opening of a vacant cottage (Aspen). This cottage can house 14 residents. Management has determined that if they carefully screen the residents, they can single staff the coverage at the Aspen cot-

tage. This action will allow the school to accommodate the 70 residents and leave an additional three beds vacant. The capacity of each cottage can be summarized as follows:

<u>Cottage</u>	<u>Capacity</u>
Spruce	25
Maple	25
Cottonwood	9
Aspen	<u>14</u>
Total	73

The operational budgets have been increased approximately \$28,000 each year in variable costs for the increased population.

The combined increase of personal services and operational adjustments is \$111,179 in FY88 and \$112,273 in FY89.

Other operational increases are attributable to additional audit fees, inflationary adjustments, and food. This budget recommendation does not include the agency's request for increased janitorial service contracts or increases to offset inventory depletion. The operational costs associated with the youth detention center have been removed from this budget.

Funding: The funding for federal boarder reimbursements reflects a three year average. The school lunch funds were also adjusted to reflect a three year average.

<b>PINE HILLS Budget Detail Summary</b>	<b>Actual FY 1986</b>	<b>Budgeted FY 1987</b>	<b>Recommendation FY 1988</b>	<b>FY 1989</b>
Full Time Equivalent Employees	.00	.00	118.77	118.77
Personal Services	0.00	0	2,765,373	2,779,705
Operating Expenses	0.00	0	678,612	678,737
Equipment	0.00	0	605	450
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$3,444,590</b>	<b>\$3,458,892</b>
General Fund	0.00	0	2,809,366	2,823,577
State Special Revenue Fund	0.00	0	59,169	59,260
Federal & Other Spec Rev Fund	0.00	0	576,055	576,055
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$3,444,590</b>	<b>\$3,458,892</b>
Current Level Services	0.00	0	3,444,590	3,458,892
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$3,444,590</b>	<b>\$3,458,892</b>

#### Program Description

The staff at Pine Hills School provides residential services for male youth between the ages of 10 and 21 years who have demonstrated a need for intensive correctional attention. The institution's programs address statutory demands to properly diagnose, care for, train, educate, and rehabilitate children in need of these services. The staff also provides 45-day evaluation for boys referred by the youth courts. The primary mission of the school is to address these needs in the most effective and expeditious manner in an effort to return the student to a non-institutional environment. The facility is provided for in 53-30-202, MCA.

#### Reorganization

The total budget for Pine Hills was moved to the new Department of Family Services. Added to the current level budget were related medical costs of \$41,924 per year for FY88 and FY89. These medical costs came from the medical program within the Corrections Division.

Under the new department, Pine Hills will have "program" status rather than "agency" status as is currently the case.

#### Budget Issues

Pine Hills was budgeted for 116.97 FTE each year of the 1987 biennium. This budget recommendation makes two adjustments to this level of personal services. First, 3.00 FTE were deleted as base adjustments in order to meet the budget reductions of the June 1986 Special Session of the legislature. This reduction saves over \$58,000 in FY88 and FY89. Secondly, a serious population increase has necessitated an increase of 4.80 FTE to provide services for 32 more youth offenders in FY88 and 42 more offenders in FY89. The personal services and operating costs for these additional 4.80 FTE is approximately \$100,000 each year. The total FTE requested is 118.77 in FY88 and FY89.

A 4% vacancy savings factor has been applied to all personal services within this budget.

Population Increase: During the 1987 biennium, Pine Hills was budgeted for an average daily population (ADP) of 88 residents whose average length of stay based upon FY 84 data was 6.5 months. During FY85, the ADP rose to 98.53

residents. In FY86, the ADP rose to 119.9 residents whose average length of stay rose to 9.0 months.

Until February 1986, the agency housed the residents in five lodges with a combined capacity of 115 youth offenders. Because of the increased population, the Crazy Horse lodge was refurbished and opened in February of 1986. The cost of this renovation was been absorbed within the agency's current level budget.

This lodge will house an additional 16 residents, requiring single staff coverage of 4.8 FTE. The anticipated ADP for FY88 is 130 and 130 for FY89.

The majority of the increased operational costs are attributable to audit fees, inflationary adjustments and the increased population.

The interest and income funding at Pine Hills has generated a three year average of \$350,000 per year. These funds appear to be stable as a major portion of them are derived from trust and legacy interest earnings.

The federal boarder reimbursement funding is also recommended based upon a three year average of actual receipts.

#### AFTER CARE SERVICES Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	6.00	6.00
Personal Services	0.00	0	158,062	158,116
Operating Expenses	0.00	0	240,986	240,986
Equipment	0.00	0	36,071	29,138
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$435,119</b>	<b>\$428,240</b>
General Fund	0.00	0	432,319	425,440
Federal & Other Spec Rev Fund	0.00	0	2,800	2,800
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$435,119</b>	<b>\$428,240</b>
Current Level Services	0.00	0	435,119	428,240
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$435,119</b>	<b>\$428,240</b>

#### Program Description

The Aftercare program provides community supervision for youths who are released from correctional facilities or committed by the courts. The mission of aftercare is to assist youths adjudicated as juvenile delinquents or youth in need of supervision to become well-adjusted, productive members of society. Four aftercare group homes are operated to pro-

vide less restrictive alternatives to institutional placement of youthful offenders.

#### Reorganization

Several aftercare functions are transferred from the Corrections Division within the Department of Institutions to the new Department of Family Services.

FUNCTION	FTE	FY88	FY89
Aftercare Counselors	6.00	\$174,319	\$174,373
Aftercare Group Homes	0.00	246,797	239,864
Individual Living	0.00	5,530	5,530
Interstate Compact	0.00	915	915
Aftercare Hearings	0.00	1,631	1,631
Educational Programs	0.00	5,927	5,927
<b>TOTAL</b>	<b>6.00</b>	<b>\$435,119</b>	<b>\$428,240</b>

There were no major changes made to these budgets which reflect current level.

#### YOUTH EVALUATION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	6.00	6.00
Personal Services	0.00	0	120,122	120,003
Operating Expenses	0.00	0	25,595	25,595
Equipment	0.00	0	2,156	856
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$147,873</b>	<b>\$146,454</b>
General Fund	0.00	0	147,873	146,454
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$147,873</b>	<b>\$146,454</b>
Current Level Services	0.00	0	147,873	146,454
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$147,873</b>	<b>\$146,454</b>

#### Program Description

The Youth Evaluation Program provides 45-day evaluation of youths aged 10-17 who have been referred by the youth

court system. These services are provided in a less restrictive environment than that of Montana's youth correctional institutions. Program clientele are typically younger minor

offenders having little experience with the juvenile justice system.

### Reorganization

The Youth Evaluation Program was transferred in its entirety from the Corrections Division. No changes were recommended per the reorganization. A current level budget is recommended.

### COUNTY PROBATION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	87.50	87.50
Personal Services	0.00	0	2,355,462	2,351,708
Operating Expenses	0.00	0	490,985	494,739
<b>Total Program Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$2,846,447</b>	<b>\$2,846,447</b>
Federal & Other Spec Rev Fund	0.00	0	2,846,447	2,846,447
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$2,846,447</b>	<b>\$2,846,447</b>
Current Level Services	0.00	0	2,846,447	2,846,447
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$2,846,447</b>	<b>\$2,846,447</b>

### Program Description

Probation services are performed by youth probation officers under the jurisdiction of the youth courts. Probation services are provided to youth referred to the youth court alleged to be delinquent or youth in need of supervision. Those services include investigation, supervision and counseling, referral, case management, and making reports and recommendations to the youth court.

### Reorganization

A major recommendation of the Governor's Council on Reorganization of Youth Services is to transfer the responsibilities and activities of the county probation offices from the counties to the State. Staff, salaries and operating costs of 87.50 FTE would be transferred from the counties to the Department of Family Services.

Included in this proposal is the condition that financial support from the counties would be capped at the FY87 budgeted level. Because of the varying impacts of federal revenue sharing, the Council and the Governor agreed that the FY87 budgets should be used as a base. Consequently, any expansion above the FY87 level would be born by the State.

It is important to note that the proposed budget amounts of \$2,249,798 per year reflect the actual FY86 expenditure level rather than the FY87 budgeted level. The FY87 budget amounts were not available at the time of this writing. It is the Governor's intent that this adjustment be made when these budget numbers become available. Many counties' budgets will be impacted by federal revenue sharing (up and down), but it is believed that the total will change very little.

### Funding Issues

Funding for county probation will be 100% county dollars for the 1989 biennium. This is a result of capping expenditures at the FY87 budgeted level. Should the expenditure base increase in the coming bienniums, the increase will be funded by general fund.

It is assumed the county governments will continue to provide any current operational support which is not included in the probation office budget (such as space, equipment, clerical, etc.). During the 1989 biennium these services and related costs will be identified. Recommendations for future funding will be presented to the 1989 Legislature.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation FY 1988      FY 1989	
Full Time Equivalent Employees	.00	.00	4.00	4.00
Personal Services	0.00	0	98,172	98,008
Operating Expenses	0.00	0	101,828	101,992
Grants	0.00	0	1,300,000	1,300,000
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>
State Special Revenue Fund	0.00	0	1,500,000	1,500,000
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>
Current Level Services	0.00	0	1,500,000	1,500,000
<b>Total Service Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>

**Agency Description**

The 1985 Legislative Session created the Montana Statehood Centennial Office and a Montana Statehood Centennial Commission. The purpose of the commission and the office is to encourage the commemoration and celebration of Montana's 100th anniversary of statehood on November 8, 1989.

The Centennial Office is being recommended as a stand alone agency.

**Budget Issues**

Through HB873, the 1985 Legislature authorized the Montana Statehood Centennial Office to collect and expend funds. Because revenue projections are uncertain, the agency is requesting authority to submit budget amendments for the purpose of expending those funds collected in excess of the projected revenue.

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